

# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2015



**CITY OF PFLUGERVILLE, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**September 30, 2015**

Prepared by

Finance Department



**CITY OF PFLUGERVILLE, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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**CITY OF PFLUGERVILLE, TEXAS  
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## **INTRODUCTORY SECTION**





March 4, 2016

Honorable Mayor and City Council,  
Members of the Finance and Budget Committee,  
and Citizens of Pflugerville, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Pflugerville, Texas, for the fiscal year ended September 30, 2015, including the independent auditors' report, is hereby submitted. State law requires that every municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The City of Pflugerville Charter also requires that at the close of each fiscal year, the Council shall call for an independent audit of all City accounts to be conducted by a certified public accountant. This report is published to fulfill those requirements for the fiscal year ended September 30, 2015.

Additionally, this report is published to provide City Council Members, our citizens, City bondholders, representatives of financial institutions, and other interested persons, with detailed information concerning the financial condition of the City government.

The City's Finance Department has prepared this report and assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Weaver and Tidwell, L.L.P., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Pflugerville's financial statements for the year ended September 30, 2015. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

***Profile of the government***

The City of Pflugerville, Texas, incorporated in 1965, is located 15.6 miles northeast of downtown Austin, the State Capital of Texas. This location places the City of Pflugerville within three hours driving time of ninety percent of the population of the State of Texas.

The population of Pflugerville has doubled in the last decade, from 28,039 citizens in 2005 to 56,126 citizens in 2015. Population growth is expected to continue but at a slower pace. The City of Pflugerville is empowered to levy a property tax on real property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

### ***Profile of the government (continued)***

The City of Pflugerville became a home rule city in 1993 and operates under the council-manager form of government. Policy-making and legislative authority is vested in a governing council (Council) consisting of the mayor and five other members, all elected on a non-partisan, at-large basis. The Council appoints the City Manager, who in turn appoints the managers of the various departments. Council members including the mayor serve three-year terms, with two members elected each year.

The City of Pflugerville provides a range of services: police protection; the construction and maintenance of streets and other infrastructure; recreational and cultural activities; water and wastewater service; and contractual solid waste service. Economic development activities are provided through a legally separate corporation, Pflugerville Community Development Corporation, reported separately within the City of Pflugerville's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (See Note 1).

The Council is required to adopt a balanced budget by no later than September 30 for the fiscal year beginning on October 1. This annual budget serves as the foundation for the City of Pflugerville's financial planning and control. The budget is prepared by fund and department.

### ***Local economy***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Pflugerville operates. The City of Pflugerville was originally a farming community, developed into a bedroom community, and is currently transitioning into an urban suburb. Its proximity to major employers such as Dell, Samsung, The University of Texas, and the State of Texas has allowed for rapid growth in the housing market. The City has traditionally had to rely heavily on residential property tax for general fund operating and debt service expenditures, though sales tax is becoming a larger portion of revenue.

Through residential growth and annexation, the population has increased enough to support more businesses within the City limits. The Pflugerville Community Development Corporation (PCDC) is actively recruiting those businesses. The intersection of two major toll roadways, State Highway 130 and State Highway 45, is completely within the City and has brought significant commercial growth. A large master planned commercial development at this intersection began in 2008 and has continued developing into fiscal year 2015.

### ***Long-term financial planning***

At the end of FY 2015, the unassigned fund balance in the general fund was 50.7% of total general fund operating expenditures for the year. This percentage falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., at least 25% of total general fund expenditures). Through the use of a five-year budget planning cycle, the development of the general fund pro forma for the next five years includes the reduction of the fund balance to the 25% level. The reduction of this balance will be enhanced with the migration of general fund revenues in excess of budgeted revenue to the City's reserve funds. These reserve funds are committed for one-time expenditures, separately approved by the City Council.

In 2010 the City Council approved an update of the City's Comprehensive Plan. The Comprehensive Plan is the principal guide for use in the daily planning decisions regarding growth, development, and regulation of current and future development within the city limits of the City and its extra-territorial jurisdiction (ETJ). The plan is anticipated to guide the City's development through the next 20 years.

## ***Major initiatives***

Utility Expansions. New water and wastewater rates took effect on October 1, 2014. These rates were adjusted in response to a utility rate study completed in 2014 that analyzed future customer projections and system needs. An expansion of the Pfennig Pump Station was completed during 2015 while other water projects to increase system redundancy remain under construction. Several additional water projects are under design with construction scheduled to begin in 2016. Several wastewater capital improvement projects are under design and will begin construction soon. These projects will increase the City's capacity for wastewater collection, especially in the eastern portion of the City's service area, where development is rapidly occurring.

General Fund Projects. Roads and street infrastructure continued to be an important ongoing improvement in fiscal year 2015. Construction was completed on Impact Way and Kelly Lane and construction began on Pfluger Farm, Phase B. Design began on several other roadway and parks projects that were approved by voters in the November 2014 election and construction is scheduled to begin on several of these projects in the new year. In November 2015, the citizens of Pflugerville passed a bond election authorizing the issuance of \$9,500,000 in bonds for transportation improvements to Weiss Lane.

Economic development continues to be a major focus of the efforts that are being made by City staff. Economic development efforts include partnering with developers to build commercial and retail projects, and establishing formal marketing/public relations processes. Commercial outlets in the Stone Hill Town Center development (at the intersection of State Highway 130 and State Highway 45) continue to increase. The opening of a FedEx Distribution Center brought jobs and additional tax revenue to the City. Construction is also underway on a Community Impact Print facility, two hotels, and a variety of commercial and retail centers, including: Picadilly Business Park, Rowe Lane Retail Center, and the Shops at 685.

## ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pflugerville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2014. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for its summary financial document for the fiscal year ended September 30, 2014. In order to apply for the PAFR, the government must first have received the Certificate Achievement for Excellence in Financial Reporting.

The government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

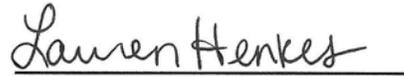
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its presentation. Special acknowledgement goes to Lauren Henkes for her assistance in preparing this report. Additionally, we would like to express our appreciation to the staff at Weaver and Tidwell, L.L.P. for their assistance and input into the preparation of this document.

We would also like to thank the City Manager, Assistant City Managers, Mayor, City Council, and members of the Finance and Budget Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Pflugerville's finances. The preparation of this report would not be possible without their leadership and support.

Respectfully submitted,



Amy M. Good, CPA, CGFO  
Finance Director



Lauren Henkes, CGFO  
Senior Accountant



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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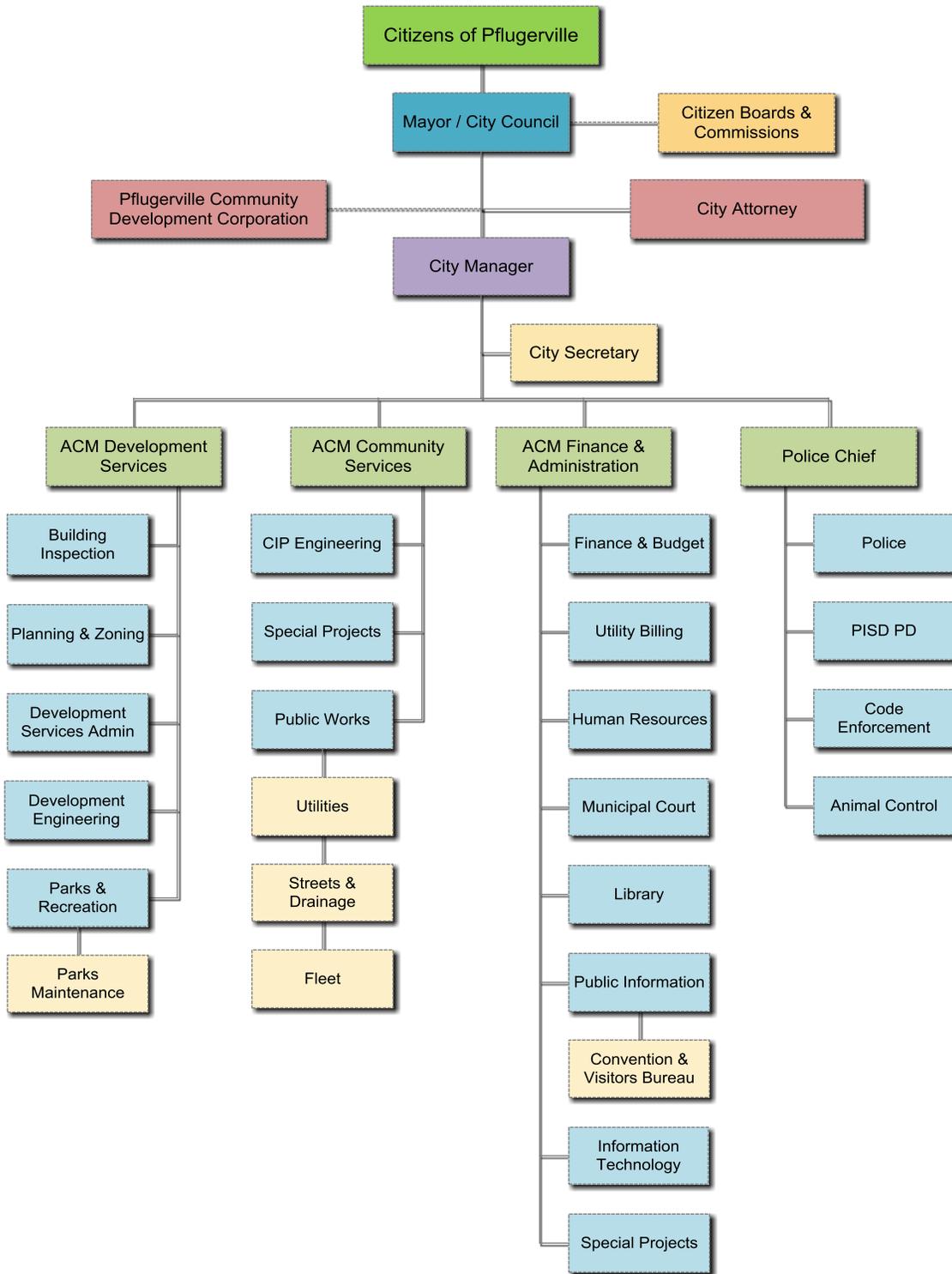
**City of Pflugerville  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# City of Pflugerville, Texas Organizational Chart



City of Pflugerville, Texas  
List of Elected and Appointed Officials  
as of September 30, 2015

**Elected Officials**

**City Council  
Three-Year Terms**

<b><u>Name</u></b>	<b><u>Term Expires</u></b>
Jeff Coleman, Mayor	November 2016
Wayne Cooper, Mayor Pro Tem, Place 1	November 2016
Brad Marshall, Place 2	November 2017
Omar Peña, Place 3	November 2015
Starlet Sattler, Place 4	November 2017
Victor Gonzales, Place 5	November 2015

**City Staff**

<b><u>Position</u></b>	<b><u>Name</u></b>
City Manager	Brandon Wade
Assistant City Manager	Trey Fletcher
Assistant City Manager	Lauri Gillam
Assistant City Manager	Tom Word
Police Chief	Chuck Hooker
City Secretary	Karen Thompson
Public Information Officer	Terri Waggoner



## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Council  
City of Pflugerville, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Pflugerville, Texas (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Mayor and  
Members of the City Council  
City of Pflugerville, Texas

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 12 to the financial statements, in 2015 the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and TMRS pension schedules on pages 17 through 26, and 77 through 78, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and  
Members of the City Council  
City of Pflugerville, Texas

The combining fund statements were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 31, 2016



## **City of Pflugerville, Texas Management's Discussion and Analysis**

As management of the City of Pflugerville, Texas, we offer readers of the City of Pflugerville's financial statements this narrative overview and analysis of the financial activities of the City of Pflugerville for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 6 of this report.

### **Financial Highlights**

- ❖ The assets of the City of Pflugerville exceeded its liabilities as of September 30, 2015, by \$240,395,893 (net position). Of this amount, \$23,964,928 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ As of the close of the current fiscal year, the City of Pflugerville's governmental funds reported combined ending fund balances of \$39,363,242 an increase of \$18,661,324 in comparison with the prior year. The major factor in the increase of fund balance is the issuance of bonds for capital projects.
- ❖ At the end of the 2014-2015 fiscal year, unassigned fund balance for the general fund was \$12,221,550 or 50.7% of general fund operating expenditures. The City of Pflugerville Charter requires a fund balance equivalent to 25% of operating expenditures each fiscal year. For fiscal year 2015 that amount was \$6.03 million.
- ❖ The City of Pflugerville's total bonded debt increased by \$30,159,600 (20%) during the current fiscal year. The largest portion of this increase were the issuances of \$24,295,000 of limited tax and refunding bonds and \$25,150,000 of combination tax and revenue certificates of obligation for infrastructure projects.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Pflugerville's basic financial statements. The City of Pflugerville's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies.

The *statement of net position* presents information on all of the City of Pflugerville's assets and deferred outflows less liabilities and deferred inflows to arrive at net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the City of Pflugerville is improving or deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

### **Government-wide Financial Statements (continued)**

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Pflugerville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Pflugerville include general government, public safety, public works and streets, and culture and recreation. The business-type activities of the City of Pflugerville include water, wastewater and solid waste services. Fees charged to customers fund the costs of providing these services.

The government-wide financial statements can be found on pages 29-31 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Pflugerville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Pflugerville can be divided into two categories: governmental funds and proprietary funds. The fund financial statements provide more detailed information about the City's most significant funds and will be more familiar to traditional users of government financial statements. The focus is now on major funds rather than fund types.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The governmental funds statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the governmental fund financial statements that explain the reconciliation between the fund statements and the government-wide statements.

The City of Pflugerville maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the debt service fund, and the capital projects fund, which are considered to be major funds.

The City of Pflugerville adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The reserve funds are a subset of the general fund that is not subject to the annual budget process, with spending authorized separately by the City Council. Pages 81-82 include combining schedules for these funds.

The basic governmental fund financial statements can be found on pages 32-35 of this report.

### **Fund Financial Statements (continued)**

**Proprietary Funds** – Services for which the City charges fees and rates that intend to fully recover the cost of providing the service are reported in proprietary funds. Two types of proprietary funds are allowed in governmental accounting: enterprise funds and internal service funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The City of Pflugerville has only one proprietary fund (the utility fund) and no internal service funds.

The City's enterprise fund is substantially the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes the enterprise fund to account for its water, wastewater and solid waste services.

The basic proprietary fund financial statements can be found on pages 37-39 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-73.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City of Pflugerville. Beginning in FY 2015, the City implemented new reporting guidelines under GASB Statement No. 68 which require a modification to City's pension accounting and reporting. Previously, pension liabilities and expenses were not in the financial statements and, only the notes to the financial statements and required supplementary information contained this detail. However, in FY 2015 a liability for future pension expense appears in the government wide statements and a pension liability and expense appears in the proprietary statements. Accompanying notes and required supplementary information can be found on pages 63-66 and pages 77-78, respectively.

### **Financial Analysis of the City as a Whole**

#### **Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

#### **City of Pflugerville - Net Position**

- ❖ A portion of the City's net position, \$14,085,102 (5.9%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$23,964,928, may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ Current assets and long-term liabilities increased in both the governmental and proprietary funds. These increases were primarily due to the issuance of debt for infrastructure.
- ❖ Net position in the proprietary fund increased due to the growth in revenue attributed to infrastructure improvements and capital contributions received from developers.
- ❖ At the end of the current fiscal year, the City of Pflugerville is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This status was also true for the prior fiscal year.

**Statement of Net Position: (continued)**

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 44,154,362	\$ 25,466,383	\$ 45,924,171	\$ 28,581,123	\$ 90,078,533	\$ 54,047,506
Capital assets	200,702,412	198,085,449	154,093,528	152,027,457	354,795,940	350,112,906
Total assets	244,856,774	223,551,832	200,017,699	180,608,580	444,874,473	404,160,412
Deferred Outflow s	3,817,419	2,087,553	4,305,942	3,955,350	8,123,361	6,042,903
Long-term liabilities	110,771,577	85,473,396	94,002,010	77,830,128	204,773,587	163,303,524
Other liabilities	4,709,262	4,488,116	3,119,092	2,252,947	7,828,354	6,741,063
Total liabilities	115,480,839	89,961,512	97,121,102	80,083,075	212,601,941	170,044,587
Net position:						
Net investment in capital assets	121,113,860	119,081,882	81,232,003	82,043,083	202,345,863	201,124,965
Restricted	2,803,756	2,691,088	11,281,346	8,841,987	14,085,102	11,533,075
Unrestricted	9,275,738	13,904,903	14,689,190	13,595,785	23,964,928	27,500,688
Total net position	\$ 133,193,354	\$ 135,677,873	\$ 107,202,539	\$ 104,480,855	\$ 240,395,893	\$ 240,158,728

The following table provides a summary of the City's operations for the year ended September 30, 2015.

**City of Pflugerville - Changes in Net Position**

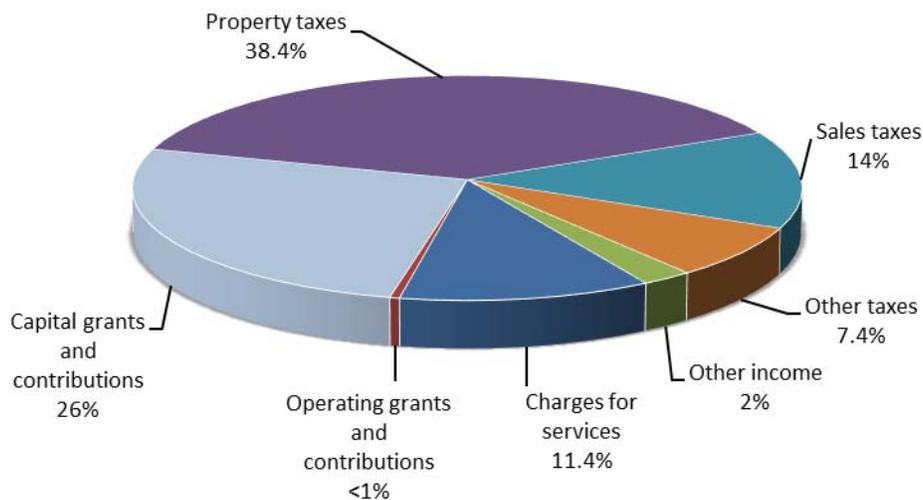
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 5,445,778	\$ 5,352,689	\$ 23,568,120	\$ 21,901,919	\$ 29,013,898	\$ 27,254,608
Operating grants and contributions	210,222	479,389	-	-	210,222	479,389
Capital grants and contributions	12,498,823	11,920,523	8,819,289	12,704,131	21,318,112	24,624,654
General revenues:						
Property taxes	18,410,622	17,356,210	-	-	18,410,622	17,356,210
Other taxes	10,305,493	9,048,217	-	-	10,305,493	9,048,217
Other	1,109,396	906,825	251,128	111,890	1,360,524	1,018,715
Total revenues	47,980,334	45,063,853	32,638,537	34,717,940	80,618,871	79,781,793
Expenses:						
General government	6,783,067	6,094,434	-	-	6,783,067	6,094,434
Public safety	13,017,772	12,236,679	-	-	13,017,772	12,236,679
Public works and streets	15,975,519	19,772,248	-	-	15,975,519	19,772,248
Culture and recreation	4,474,793	4,783,288	-	-	4,474,793	4,783,288
Interest on long-term debt	3,845,854	3,660,090	-	-	3,845,854	3,660,090
Water and wastewater	-	-	19,249,025	18,751,046	19,249,025	18,751,046
Solid waste	-	-	4,124,573	3,915,907	4,124,573	3,915,907
Total Expenses	44,097,005	46,546,739	23,373,598	22,666,953	67,470,603	69,213,692
Change in net position before transfers	3,883,329	(1,482,886)	9,264,939	12,050,987	13,148,268	10,568,101
Transfers	314,900	750,000	(314,900)	(750,000)	-	-
Change in net position	4,198,229	(732,886)	8,950,039	11,300,987	13,148,268	10,568,101
Net position - October 1, 2014 (as restated)	128,995,125	136,410,759	98,252,500	93,179,868	227,247,625	229,590,627
Net position - September 30, 2015	\$ 133,193,354	\$ 135,677,873	\$ 107,202,539	\$ 104,480,855	\$ 240,395,893	\$ 240,158,728

## Revenues

- ❖ Property tax revenue including penalties and interest increased 6.1% (\$1,054,412) during this fiscal year. This is due to the reduction of the tax rate and new commercial development in the City limits.
- ❖ Property tax revenue accounts for 38.4% of total revenues for governmental activities.
- ❖ Assessed valuations increased for the fiscal year by over \$414 million.
- ❖ The ad valorem tax rate for fiscal 2015 was \$0.5336 per \$100 of assessed valuation. This was a decrease of \$0.04 or 7% of the prior year rate.
- ❖ Sales tax revenue was \$6.7 million for fiscal year 2015, an increase of 19% over the prior year. Sales tax revenue constitutes 14% of the total revenue for governmental activities.
- ❖ Other taxes, which include franchise taxes and mixed beverage taxes, totaled nearly \$3.57 million.
- ❖ Program revenue is derived from the program itself and reduces the cost of the function to the City. Total program revenue for both governmental and business-type activities is described below.
  - **Governmental activities program revenue** was \$18.2 million. Capital grants and contributions such as infrastructure from developers are the largest components of this revenue category. A portion, \$5.4 million, of revenue this fiscal year was charges for services such as receipts primarily from development and building inspection fees, parks and pool fees, and court fines.
  - **Business-type activities program revenue** totaled \$32.4 million. The majority of these revenues are reported in the category Charges for Services, which represents receipts from utility customers for water, wastewater and solid waste services. Capital contributions which include infrastructure contributed by developers and impact fees accounted for \$8.8 million of revenue during fiscal year 2015.

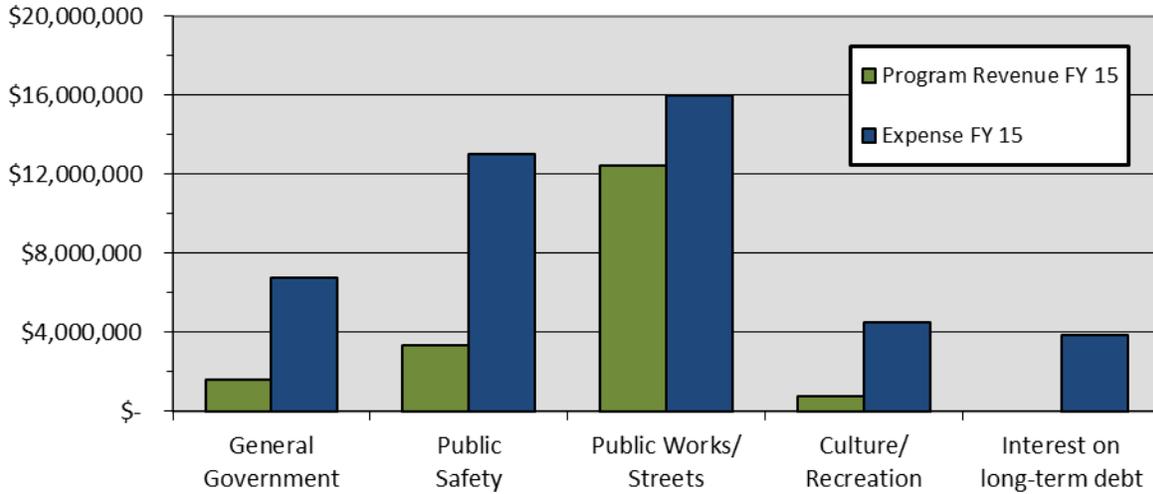
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## Revenues by Source – Governmental Activities



### Expenses and Program Revenues

**Governmental activities.** The expenses in the chart below include depreciation expense through all categories. Depreciation expense totaled \$13,616,303. Removing depreciation expense, the operating expenditures for governmental activities decreased by 10% in fiscal year 2015. The primary reason for this decrease was the completion of Impact Way and 130 Commerce Center improvements. In early 2015, these capital assets were donated to the City from the Pflugerville Community Development Corporation (PCDC), a component unit of the City.



**Business-type activities.** Business-type activities increased the City of Pflugerville’s net position by \$8.6 million. Charges for services for business-type activities increased 8% during fiscal year 2015. This increase can be attributed to a rate restructure and the ease of water restrictions in 2015. Further, total expenditures increased 3% due to conservative spending.

### Financial Analysis of the City’s Funds

As noted earlier, the City of Pflugerville, Texas, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the City of Pflugerville’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Pflugerville’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Pflugerville’s governmental funds reported a combined ending fund balance of \$39,363,242, an increase of \$18.7 million in comparison with the fiscal year beginning fund balance. Approximately 31% of this total amount (\$12.2 million) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated for a specific purpose. Funds have been restricted, by law or outside sources, to pay for capital projects (\$20,690,716); debt service (\$2,704,383); and specific programs in the special revenue fund

**Financial Analysis of the City's Funds (continued)**

(\$757,106). In addition, funds have been committed, by the City Council, to pay for general capital reserve projects (\$2,883,238) and specific programs in the general fund (\$23,016) and special revenue fund (\$78,030). Funds have been assigned, by management, for special revenue programs (\$5,203).

The general fund is the chief operating fund of the City of Pflugerville. At the end of the current fiscal year, unassigned fund balance in the general fund was \$12,221,550. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 47.2% of total general fund expenditures. The City Council has approved a general capital reserve to fund one-time purchases and projects. These funds are committed to that purpose and therefore do not appear as unassigned funds. The first spending from these funds occurred in fiscal year 2012; the Combining Schedules for the general and general capital reserve funds provide additional details and can be found on pages 79-80.

The fund balance of the City of Pflugerville's general fund increased by \$1,349,513 during fiscal year 2015. General fund property tax revenue increased 8.7% from fiscal 2014. This increase is due to an increase in average residential value within the City. Sales tax revenue increased 19% during fiscal 2015 to \$6.7 million as new retail continues to develop within the city.

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditure for specified purposes. These include funds received from various federal and State of Texas agencies for the City's equitable share of proceeds from seized and forfeited property; fees for child safety; fees for training and technology; fees for police services provided to the Pflugerville Independent School District; fees for Public, Educational, and Governmental (PEG) access channels; and property tax received from a Tax Increment Reinvestment Zone (TIRZ). The largest portion of both the revenues and expenditures from this fund are related to providing police services to the local school district. However, funds were also spent on equipment for the police department, school crossing guard services, and upgrading PFTV media equipment.

The debt service fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest. On September 30, 2015, this fund had a total balance of \$2,704,383. The increase in this fund balance was due to additional interest income received.

The capital projects fund is used to account for financial resources dedicated for the acquisition or construction of major capital facilities other than those financed by the proprietary funds. The increase in fund balance is due to the issuance of bonds to pay for construction related to projects such as: Heatherwilde Boulevard widening, Helios Way West and Sun Light Near Way extensions, Pfluger Farm Phase B, and initial funding for a future sports complex.

*Proprietary funds.* The City of Pflugerville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year amounted to \$14,689,190. The total growth in net position was \$8,950,039. This increase in net position was composed primarily of capital contributions (water and wastewater infrastructure donations) from developers.

**General Fund Budgetary Highlights**

The following is a brief review of the budgetary changes from the original to the final budget.

The City approved 5 sets of general fund budget amendments during the fiscal year 2015. These amendments increased the overall budgeted expenditures by \$1,110,550 from the original budget, an increase of 4.3%. This increase was offset by revenues received in excess of the original budget, including: sales tax and a transfer from general capital reserve.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$354,795,940, net of depreciation. This investment in capital assets includes land, buildings, machinery and equipment, park facilities, streets, water and wastewater facilities, and infrastructure.

Major capital asset events during the current fiscal year included the following.

- ❖ The Kelly Lane widening project with associated water lines was completed.
- ❖ Pfluger Farm Lane Phase B construction began.
- ❖ Completion of the Pfennig Lane pump station improvements.
- ❖ Water Treatment Plant membranes expansion occurred as scheduled.
- ❖ Design for a variety of water and wastewater system improvements is underway.

**City of Pflugerville's Capital Assets**  
 (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 6,679,754	\$ 6,679,754	\$ 6,738,869	\$ 6,738,869	\$ 13,418,623	\$ 13,418,623
Service Rights	-	-	250,000	250,000	250,000	250,000
Buildings and improvements	35,028,697	38,511,048	9,333,945	9,131,222	44,362,642	47,642,270
Machinery and equipment	4,631,207	4,068,150	1,014,797	1,109,868	5,646,004	5,178,018
Infrastructure	150,756,239	143,291,765	131,768,995	132,359,025	282,525,234	275,650,790
Construction in progress	3,606,515	5,534,732	4,986,922	2,438,473	8,593,437	7,973,205
<b>Total</b>	<b>\$ 200,702,412</b>	<b>\$ 198,085,449</b>	<b>\$ 154,093,528</b>	<b>\$ 152,027,457</b>	<b>\$ 354,795,940</b>	<b>\$ 350,112,906</b>

The City's financial policies mandate maintenance and repair of the City's capital assets and infrastructure. The City budgets for on-going street maintenance projects in addition to staff costs and other maintenance costs of the street department. Utility infrastructure maintenance is budgeted within the Utility Fund.

Additional information on the City of Pflugerville's capital assets can be found in Note 6 to the financial statements.

**Long-term Debt.** At September 30, 2015, the City had total bonded debt outstanding of \$183,609,600 secured by the full faith and credit of the government. Of this amount, \$17,730,000 represents General Obligation bonds approved by a vote of the citizens. The remainder represents Certificates of Obligation and limited refunding bonds that support both governmental and business-type (utility) activities.

**Capital Asset and Debt Administration (continued)**

**City of Pflugerville's Outstanding Debt at Year-End**

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 17,730,000	\$ 6,555,000	\$ -	\$ -	\$ 17,730,000	\$ 6,555,000
Limited tax refunding bonds	26,042,544	24,816,844	62,242,056	53,148,156	88,284,600	77,965,000
Certificates of obligation	54,942,880	50,786,180	22,652,120	18,143,820	77,595,000	68,930,000
<b>Total</b>	<b>\$ 98,715,424</b>	<b>\$ 82,158,024</b>	<b>\$ 84,894,176</b>	<b>\$ 71,291,976</b>	<b>\$ 183,609,600</b>	<b>\$ 153,450,000</b>

The City of Pflugerville's total debt outstanding increased by \$30,159,600 (19.7%) during the current fiscal year. The key factor in this increase was the issuance of \$24,295,000 of general obligation and refunding bonds and \$25,150,000 of combination tax and revenue certificates of obligation for infrastructure projects.

The State of Texas limits the legal amount of tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City of Pflugerville's 2015 debt levy equaled \$0.1636 per \$100 assessed valuation, or 10.9% of the maximum allowed.

Additional information about the City's long-term debt is presented in Note 6 to the financial statements.

**Economic Factors and Next Year's Budget and Rates**

The population of the City of Pflugerville continued a recent pattern of slow growth. The developer of the Stone Hill Town Center, NewQuest Properties, continues construction on this mixed-use development at the intersection of State Highway 130 and State Highway 45. During fiscal year 2015 several retail stores and small commercial establishments opened including Panera Bread and Andy's Frozen Custard. Fiscal year 2015 also included the opening of a FedEx ground facility.

The Pflugerville Community Development Corporation (PCDC) continues to make concerted marketing efforts to attract more commercial development and employers to the city, especially in the areas fronting SH 130 and SH 45. The first of two planned hotels, a Best Western Plus, is expected to open in 2016 with a Marriott Courtyard and Conference Center to be completed in 2017. These factors were considered in preparing the City of Pflugerville's budget for the 2016 fiscal year.

The City has increased its water and wastewater capacities to serve the areas in the State Highway 130 growth corridor. During FY 2015 a rate adjustment was implemented in order to realign revenues and plan for future infrastructure.

The fiscal year 2016 budget will be balanced without requiring a transfer from fund balance. The budgeting process focused on lean government operations. The prevailing economic environment significantly affected the planned expenditures and anticipated revenues during the coming year.

**Contacting the City's Financial Management**

This report is designed to provide City Council, citizens, customers, bond rating agencies, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact:

Finance Department  
City of Pflugerville  
100 East Main, Suite 100  
Pflugerville, TX 78660

(512) 990-6100  
[www.pflugervilletx.gov](http://www.pflugervilletx.gov)  
[finance@pflugervilletx.gov](mailto:finance@pflugervilletx.gov)

## **BASIC FINANCIAL STATEMENTS**



**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	PRIMARY GOVERNMENT			COMPONENT UNIT
				PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,952,960	\$ 14,840,068	\$ 31,793,028	\$ 900,496
Restricted investments	24,058,148	27,863,731	51,921,879	-
Receivables (net of allowance)	2,858,843	3,477,362	6,336,205	1,368,724
Investments in direct financing lease	-	-	-	24,757,908
Internal balances	256,990	(256,990)	-	-
Due from component unit	27,421	-	27,421	-
Capital assets, not being depreciated				
Land	6,679,754	6,738,869	13,418,623	6,171,472
Service rights	-	250,000	250,000	-
Construction in progress	3,606,515	4,986,922	8,593,437	6,092,148
Capital assets, net of depreciation				
Buildings and improvements, net	35,028,697	9,333,945	44,362,642	169,833
Machinery and equipment, net	4,631,207	1,014,797	5,646,004	17,614
Infrastructure and system, net	150,756,239	131,768,995	282,525,234	-
<b>TOTAL ASSETS</b>	<b>244,856,774</b>	<b>200,017,699</b>	<b>444,874,473</b>	<b>39,478,195</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	1,767,166	259,353	2,026,519	-
Deferred charge for refunding	2,050,253	4,046,589	6,096,842	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,817,419</b>	<b>4,305,942</b>	<b>8,123,361</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	2,282,807	1,812,602	4,095,409	14,376
Due to primary government	-	-	-	27,421
Wages payable	795,793	117,265	913,058	-
Customer deposits and escrow payable	865,571	487,940	1,353,511	50,400
Accrued interest payable	765,091	701,285	1,466,376	-
Non-current liabilities:				
Due within one year	3,108,354	2,376,506	5,484,860	1,723,568
Due in more than one year	107,663,223	91,625,504	199,288,727	27,742,674
<b>TOTAL LIABILITIES</b>	<b>115,480,839</b>	<b>97,121,102</b>	<b>212,601,941</b>	<b>29,558,439</b>
<b>NET POSITION</b>				
Net investment in capital assets	121,113,860	81,232,003	202,345,863	9,180,580
Restricted for capital projects	-	11,281,346	11,281,346	-
Restricted for specific programs	757,106	-	757,106	-
Restricted for debt service	2,046,650	-	2,046,650	-
Restricted for economic development	-	-	-	739,176
Unrestricted	9,275,738	14,689,190	23,964,928	-
<b>TOTAL NET POSITION</b>	<b>\$133,193,354</b>	<b>\$107,202,539</b>	<b>\$240,395,893</b>	<b>\$ 9,919,756</b>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General government	\$ 6,783,067	\$ 1,461,484	\$ 142,740	\$ -
Public safety	13,017,772	3,286,587	58,554	-
Public works and streets	15,975,519	-	-	12,431,613
Culture and recreation	4,474,793	697,707	8,928	67,210
Interest and fiscal charges	3,845,854	-	-	-
<b>Total governmental activities</b>	<b>44,097,005</b>	<b>5,445,778</b>	<b>210,222</b>	<b>12,498,823</b>
Business-type Activities:				
Water and wastewater	19,249,025	19,456,589	-	8,819,289
Solid waste	4,124,573	4,111,531	-	-
<b>Total business-type activities</b>	<b>23,373,598</b>	<b>23,568,120</b>	<b>-</b>	<b>8,819,289</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 67,470,603</b>	<b>\$ 29,013,898</b>	<b>\$ 210,222</b>	<b>\$ 21,318,112</b>
<b>COMPONENT UNIT</b>				
Pflugerville Community Development Corporation	\$ 3,674,817	\$ -	\$ -	\$ -

General revenues:

Taxes:

Property taxes  
Sales taxes  
Franchise taxes  
Mixed beverage taxes  
Hotel taxes

Investment income

Other income

Gain (loss) on sale of capital assets

Transfers

**Total general revenues and transfers**

**CHANGE IN NET POSITION**

**NET POSITION, beginning**

**PRIOR PERIOD ADJUSTMENT**

**NET POSITION, ending**

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			COMPONENT UNIT
Primary Government			PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
Governmental Activities	Business - Type Activities	TOTAL	
\$ (5,178,843)	\$ -	\$ (5,178,843)	
(9,672,631)	-	(9,672,631)	
(3,543,906)	-	(3,543,906)	
(3,700,948)	-	(3,700,948)	
(3,845,854)	-	(3,845,854)	
(25,942,182)	-	(25,942,182)	
-	9,026,853	9,026,853	
-	(13,042)	(13,042)	
-	9,013,811	9,013,811	
(25,942,182)	9,013,811	(16,928,371)	
			\$ (3,674,817)
18,410,622	-	18,410,622	-
6,735,674	-	6,735,674	3,358,093
3,492,706	-	3,492,706	-
76,020	-	76,020	-
1,093	-	1,093	-
78,861	55,494	134,355	-
1,056,696	134,734	1,191,430	379,677
(26,161)	60,900	34,739	235,597
314,900	(314,900)	-	-
30,140,411	(63,772)	30,076,639	3,973,367
4,198,229	8,950,039	13,148,268	298,550
135,677,873	104,480,855	240,158,728	9,621,206
(6,682,748)	(6,228,355)	(12,911,103)	-
\$ 133,193,354	\$ 107,202,539	\$ 240,395,893	\$ 9,919,756

**CITY OF PFLUGERVILLE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
<b>ASSETS</b>					
Cash and investments	\$ 15,500,584	\$ 586,805	\$ -	\$ 865,571	\$ 16,952,960
Taxes receivable	1,755,837	-	107,358	-	1,863,195
Other receivables	686,103	309,545	-	-	995,648
Due from other funds	264,775	332,663	15,344	-	612,782
Due from component unit	27,421	-	-	-	27,421
Restricted investments	-	-	2,689,039	21,369,109	24,058,148
<b>TOTAL ASSETS</b>	<b>\$ 18,234,720</b>	<b>\$ 1,229,013</b>	<b>\$ 2,811,741</b>	<b>\$ 22,234,680</b>	<b>\$ 44,510,154</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,295,071	\$ 309,518	\$ -	\$ 678,218	\$ 2,282,807
Wages payable	723,773	72,020	-	-	795,793
Due to other funds	348,481	7,136	-	175	355,792
Escrow payable	-	-	-	865,571	865,571
<b>TOTAL LIABILITIES</b>	<b>2,367,325</b>	<b>388,674</b>	<b>-</b>	<b>1,543,964</b>	<b>4,299,963</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	739,591	-	107,358	-	846,949
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>739,591</b>	<b>-</b>	<b>107,358</b>	<b>-</b>	<b>846,949</b>
<b>FUND BALANCES</b>					
Restricted for:					
Debt service	-	-	2,704,383	-	2,704,383
Capital projects	-	-	-	20,690,716	20,690,716
Specific programs	-	757,106	-	-	757,106
Committed for:					
General capital reserve	2,883,238	-	-	-	2,883,238
Specific programs	23,016	78,030	-	-	101,046
Assigned for:					
Specific programs	-	5,203	-	-	5,203
Unassigned	12,221,550	-	-	-	12,221,550
<b>TOTAL FUND BALANCES</b>	<b>15,127,804</b>	<b>840,339</b>	<b>2,704,383</b>	<b>20,690,716</b>	<b>39,363,242</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 18,234,720</b>	<b>\$ 1,229,013</b>	<b>\$ 2,811,741</b>	<b>\$ 22,234,680</b>	<b>\$ 44,510,154</b>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF PFLUGERVILLE, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

Fund balances of governmental funds	\$ 39,363,242
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	200,702,412
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(98,715,424)
The net OPEB obligation will not be liquidated with current financial resources and therefore has not been included in the fund financial statements.	(508,734)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(527,123)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.	(765,091)
Premiums and discounts on bond issuances are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	(3,614,097)
Net pension liability, and the related deferred outflows of resources, are not due and payable in the current period, therefore have not been included in the fund financial statements.	(5,639,033)
Deferred charge on bond refunding is recognized in the fund financial statements when bonds are issued but is capitalized and amortized in the government wide financial statements over the life of the bonds.	2,050,253
Revenues from property taxes and fines are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	<u>846,949</u>
Net position of governmental activities	<u><u>\$ 133,193,354</u></u>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental</u>
<b>REVENUES</b>					
Taxes:					
Property	\$ 12,460,202	\$ 329,795	\$ 5,670,008	\$ -	\$ 18,460,005
Sales	6,735,674	-	-	-	6,735,674
Franchise	3,365,226	127,480	-	-	3,492,706
Mixed beverage	76,020	-	-	-	76,020
Hotel	-	1,093	-	-	1,093
Licenses and permits	1,482,646	58,144	-	-	1,540,790
Intergovernmental	385,756	1,958,833	790,689	781,208	3,916,486
Fines and forfeitures	1,033,777	95,717	-	-	1,129,494
Investment income	16,216	590	49,771	12,284	78,861
Charges for services	548,015	-	-	-	548,015
Deutschen Pfest income	-	79,705	-	-	79,705
Other income	261,459	12,124	10,728	-	284,311
<b>TOTAL REVENUES</b>	<b>26,364,991</b>	<b>2,663,481</b>	<b>6,521,196</b>	<b>793,492</b>	<b>36,343,160</b>
<b>EXPENDITURES</b>					
Current					
General government	6,298,103	145,850	-	-	6,443,953
Public safety	10,454,782	1,893,629	-	-	12,348,411
Public works and streets	3,746,073	-	-	-	3,746,073
Cultural and recreation	3,625,627	144,438	-	-	3,770,065
Debt service:					
Agent fees/issuance costs	-	-	36,798	280,420	317,218
Interest	-	-	3,435,661	-	3,435,661
Principal retirement	-	-	2,909,995	-	2,909,995
Capital outlay	1,750,007	330,505	-	3,841,749	5,922,261
<b>TOTAL EXPENDITURES</b>	<b>25,874,592</b>	<b>2,514,422</b>	<b>6,382,454</b>	<b>4,122,169</b>	<b>38,893,637</b>
Excess (deficiency) of revenues over (under) expenditures	490,399	149,059	138,742	(3,328,677)	(2,550,477)
<b>OTHER FINANCING</b>					
<b>SOURCES (USES)</b>					
Transfers out	-	(202,905)	-	(435,122)	(638,027)
Transfers in	808,606	-	22	144,299	952,927
Proceeds from sale of capital assets	25,585	-	-	-	25,585
Premium on issuance of bonds	-	-	305,184	1,143,084	1,448,268
Bond proceeds	-	-	2,702,795	19,738,300	22,441,095
Payment to refunding escrow agent	-	-	(3,044,975)	-	(3,044,975)
Insurance recoveries	24,923	2,005	-	-	26,928
<b>TOTAL OTHER FINANCING</b>	<b>859,114</b>	<b>(200,900)</b>	<b>(36,974)</b>	<b>20,590,561</b>	<b>21,211,801</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,349,513</b>	<b>(51,841)</b>	<b>101,768</b>	<b>17,261,884</b>	<b>18,661,324</b>
<b>FUND BALANCES, BEGINNING</b>	<b>13,778,291</b>	<b>892,180</b>	<b>2,602,615</b>	<b>3,428,832</b>	<b>20,701,918</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 15,127,804</b>	<b>\$ 840,339</b>	<b>\$ 2,704,383</b>	<b>\$ 20,690,716</b>	<b>\$ 39,363,242</b>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF PFLUGERVILLE, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - total governmental funds	\$ 18,661,324
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund statements but are shown as increases in capital assets in the government-wide financial statements. The effect of removing capital outlays is to increase net position.	5,579,874
Current year capital asset disposals are shown as decreases in capital assets in the government-wide financial statements but have no effect on the fund statements. The effect of removing the loss on capital asset disposals is to decrease net position.	
The City received street infrastructure contributed by developers. Other capital assets were donated to the City as well. These contributions increase net position.	11,650,399
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position.	(13,616,302)
In the statement of activities, only the gain or loss on sale of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital asset sold.	(51,746)
The issuance of bonds payable is reported as other financing sources in the fund financial statements but is shown as increases in long-term debt in the government-wide financial statements.	(22,441,095)
Long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	5,883,695
Increases to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.	(33,874)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The increase in interest accrual decreases net position.	(180,499)
Increases to liabilities for OPEB are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.	(48,539)
Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as either expenditures or revenues in governmental funds:	
Current year change in bond premiums and discounts	(1,252,169)
Current year change in deferred charge on refunding	(37,300)
Expenditures related to the City's participation in the Texas Municipal Retirement System are recorded as they are paid in the governmental funds, but are recognized based on the change in net pension liability in the statement of activities.	98,453
Revenues from property taxes and fines are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	(13,992)
Change in net position of governmental activities	<u>\$ 4,198,229</u>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 12,404,355	\$ 12,404,355	\$ 12,460,202	\$ 55,847
Sales	6,318,000	6,571,500	6,735,674	164,174
Franchise	3,129,356	3,129,356	3,365,226	235,870
Mixed beverage	67,500	67,500	76,020	8,520
Licenses and permits	1,214,920	1,318,020	1,482,646	164,626
Intergovernmental/grants	275,595	275,595	385,756	110,161
Fines and forfeitures	1,138,499	1,138,499	1,033,777	(104,722)
Interest income	10,000	10,000	16,216	6,216
Charges for services	537,000	537,000	548,015	11,015
Other income	101,375	101,375	261,459	160,084
<b>TOTAL REVENUES</b>	25,196,600	25,553,200	26,364,991	811,791
<b>EXPENDITURES</b>				
Current				
General government	6,494,686	6,723,727	6,289,122	(434,605)
Public safety	10,654,272	10,696,577	10,344,637	(351,940)
Public works and streets	4,052,157	4,128,355	3,746,073	(382,282)
Cultural and recreation	3,842,607	3,836,013	3,583,731	(252,282)
Capital outlay	912,603	1,682,203	1,297,951	(384,252)
<b>TOTAL EXPENDITURES</b>	25,956,325	27,066,875	25,261,514	(1,805,361)
Excess (deficiency) of revenues over (under) expenditures	(759,725)	(1,513,675)	1,103,477	2,617,152
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out to Reserve Funds	-	-	(1,295,000)	(1,295,000)
Transfers in	922,000	1,557,000	1,208,607	(348,393)
Proceeds from sale of capital assets	1,000	1,000	25,585	24,585
Insurance recoveries	-	-	24,923	24,923
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	923,000	1,558,000	(35,885)	(298,885)
<b>NET CHANGE IN FUND BALANCES</b>	163,275	44,325	1,067,592	2,318,267
<b>FUND BALANCES, BEGINNING</b>	11,153,958	11,153,958	11,153,958	-
<b>FUND BALANCES, ENDING, Budgetary Basis</b>	\$ 11,317,233	\$ 11,198,283	\$ 12,221,550	\$ 1,023,267

The Notes to Financial Statements are an integral part of this statement.

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015**

	<b>Enterprise Fund</b>
	<b>Utility</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 14,840,068
Restricted cash and investments	502,742
Accounts receivable, net	3,477,362
Due from other funds	474
Total current assets	18,820,646
<b>NON-CURRENT ASSETS</b>	
Restricted cash and investments	
Bond accounts	16,079,643
Impact fees	11,281,346
Capital assets	
Land	6,738,869
Service rights	250,000
Buildings and improvements	13,910,287
Equipment	4,062,389
Infrastructure and system	175,877,134
Construction in progress	4,986,922
Less accumulated depreciation	(51,732,073)
Total capital assets, net of accumulated depreciation	154,093,528
Total non-current assets	181,454,517
<b>TOTAL ASSETS</b>	200,275,163
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred charge for refunding	4,046,589
Deferred outflows related to pension	259,353
Total deferred outflows of resources	4,305,942
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	1,812,602
Wages payable	117,265
Compensated absences payable	9,435
Due to other funds	257,464
Customer deposits	487,940
Accrued interest payable	701,285
Bonds payable - current	2,367,071
Total current liabilities	5,753,062
<b>NON-CURRENT LIABILITIES</b>	
Bonds payable	90,403,911
Net pension liability	1,086,949
Compensated absences payable	37,742
Net OPEB obligation	96,902
Total non-current liabilities	91,625,504
<b>TOTAL LIABILITIES</b>	97,378,566
<b>NET POSITION</b>	
Net investment in capital assets	81,232,003
Restricted for capital projects	11,281,346
Unrestricted	14,689,190
<b>TOTAL NET POSITION</b>	\$ 107,202,539

The Notes to Financial Statements are an integral part of this statement.

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2015**

	<b>Enterprise Fund</b>
	<b>Utility</b>
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Water sales	\$ 13,316,634
Wastewater sales	6,139,955
Solid waste sales	4,111,531
Other income	134,734
<b>Total operating revenues</b>	<b>23,702,854</b>
<b>OPERATING EXPENSES</b>	
Utility administration	3,576,803
Water operations	6,321,799
Wastewater operations	1,914,985
Solid waste operations	4,124,573
Depreciation	4,342,265
<b>Total operating expenses</b>	<b>20,280,425</b>
<b>OPERATING INCOME</b>	<b>3,422,429</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	55,494
Interest expense and fees	(3,093,173)
Gain on disposal of capital assets	60,900
<b>Total nonoperating revenues (expenses)</b>	<b>(2,976,779)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>445,650</b>
Capital contributions	8,819,289
Transfers in	435,100
Transfers out	(750,000)
<b>CHANGE IN NET POSITION</b>	<b>8,950,039</b>
<b>NET POSITION, BEGINNING</b>	<b>104,480,855</b>
<b>RESTATEMENT</b>	<b>(6,228,355)</b>
<b>NET POSITION, ENDING</b>	<b>\$ 107,202,539</b>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2015**

	<b>Enterprise Fund</b>
	<b>Utility</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 23,352,546
Payments to or on behalf of employees	(2,727,883)
Payments to suppliers	(12,511,252)
<b>Net cash provided by operating activities</b>	<b>8,113,411</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Payments from other funds	705,298
Payments to other funds	(750,000)
<b>Net cash used in non-capital financing activities</b>	<b>(44,702)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(8,505,636)
Capital contributions	5,530,279
Proceeds from sale of capital assets	60,900
Proceeds from bond issuance	17,496,875
Principal paid on bonds	(2,417,107)
Interest paid on bonds	(3,021,826)
<b>Net cash provided by capital and related financing activities</b>	<b>9,143,485</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
(Increase) decrease in short-term investments	(16,966,650)
Interest received	55,494
<b>Net cash used in investing activities</b>	<b>(16,911,156)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	301,038
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	483,687
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 784,725
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>	
Cash and cash equivalents	\$ 784,725
Investments	41,919,074
<b>Total cash and cash equivalents</b>	\$ 42,703,799
<b>REPORTED AS:</b>	
Cash and investments	\$ 14,840,068
Restricted cash and investments	27,863,731
<b>Total cash and investments</b>	\$ 42,703,799
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 3,422,429
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	4,342,265
(Increase) in accounts receivable	(345,558)
Increase in accounts payable	691,013
(Decrease) in customer deposits	(4,750)
Increase in accrued liabilities	8,012
<b>Net cash provided by operating activities</b>	\$ 8,113,411
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>	
Infrastructure contributed by developers	\$ 3,289,010

The Notes to Financial Statements are an integral part of this statement.



## **NOTES TO FINANCIAL STATEMENTS**



**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. REPORTING ENTITY**

The City of Pflugerville, Texas (the City) was incorporated in 1965, under the provisions of the State of Texas. The City operates under a Council-Manager form of government and provides the following services: public safety (police and building inspection), streets, public improvements, general administrative services, culture and recreation, and water, wastewater, and solid waste services.

The financial statements of the City have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on the criteria above, the City has the following discretely presented component unit:

**The Pflugerville Community Development Corporation (PCDC).** The City adopted (through the election process) an optional ½ cent sales tax for economic development purposes. The Corporation is a nonprofit corporation specifically governed by Section 4B of the Development Corporation Act of 1979, as amended. The purpose of the PCDC is to promote economic development within the City of Pflugerville. The seven-member Board of Directors is appointed by the City Council. The Board is regularly accountable to the City Council for all activities undertaken by them or on their behalf and the City has the ability to impose its will on the Board. Complete financial statements for the PCDC may be obtained at the entity's administrative offices.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

**NOTE 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, certain charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION – CONTINUED**

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted, committed or assigned to expenditures for specified purposes, such as the Deutschen Pfest, Pflugerville Independent School District Police Department, drug seizure funds, grant monies (including CDBG), TIRZ #1, and PEG funds.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund types. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

The City reports the following major proprietary fund type:

The Utility Fund accounts for the City's water, wastewater, and solid waste utilities, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*.

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Utility Fund are charges to customers for sales and services. Operating expenses include cost of services and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 4. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows for the proprietary fund types, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Investments**

Investments are reported at fair value, and the changes in the fair value of investments are recognized as investment revenue.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY – CONTINUED**

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables are shown net of an allowance for uncollectibles.

**Restricted Assets and Payables from Restricted Assets**

Certain resources have been set aside for the repayment of proprietary fund type bonds. The assets and related payables are classified as restricted because their use is limited by applicable bond covenants. Also included in restricted assets are capital recovery fees (impact fees) that are, by law, restricted for future capital improvements; and assets set aside for construction of future debt funded capital improvements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY – CONTINUED**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are recorded at estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements which extend asset lives are capitalized and depreciated over the useful lives of the related assets, as applicable. Capital assets are capitalized if they have an expected useful life of over two years and an original cost of \$5,000 or more for equipment or \$25,000 for infrastructure, buildings and improvements other than buildings. When property or equipment is retired from service or otherwise disposed of, the cost and related accumulated depreciation are removed and any resulting gain or loss is reported in the statement of activities or in the proprietary fund financial statements.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest expense was capitalized in the enterprise fund during the 2015 fiscal year.

Infrastructure capital assets, such as streets, sidewalks, curbs and gutters, sewers and drainage systems, built and/or acquired since fiscal year 1960 are included.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

Assets	Year(s)
Buildings	30
Utility distribution system	20 - 50
Streets and public domain infrastructure	15 - 50
Improvements	15
Equipment	10

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY – CONTINUED**

**Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Bond Issuance Costs**

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period in the fund financial statements. Bond proceeds and premiums are reported as an "other financing source." Bond discounts are reported as an "other financing use". Bond issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types and in the government-wide financial statements, premiums and discounts are reported as deferred charges and amortized over the life of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

**Compensated Absences**

Accumulated earned but unused vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

**Property Taxes**

Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2015, was \$.5336 per \$100 of assessed valuation.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY – CONTINUED**

**Fund Balance**

At September 30, 2015, the various fund balance purposes were as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
<b>Restricted</b>					
Debt service	\$ -	\$ -	\$ 2,704,383	\$ -	\$ 2,704,383
Capital projects	-	-	-	20,690,716	20,690,716
Seizure funds	-	173,458	-	-	173,458
Child safety fees	-	112,608	-	-	112,608
LEOSE training	-	17,076	-	-	17,076
Municipal court	-	185,806	-	-	185,806
Bike rodeo	-	1,799	-	-	1,799
Blue Santa	-	10,647	-	-	10,647
National Night Out	-	3,415	-	-	3,415
PEG	-	55,958	-	-	55,958
TIRZ #1	-	196,339	-	-	196,339
<b>Committed</b>					
Capital reserve	2,883,238	-	-	-	2,883,238
Vehicle replacement	23,016	-	-	-	23,016
Deutschen Pfest	-	78,030	-	-	78,030
<b>Assigned</b>					
CERT	-	3,477	-	-	3,477
Citizens on Patrol/ Citizens' Police Academy	-	1,726	-	-	1,726
<b>Unassigned</b>					
	12,221,550	-	-	-	12,221,550
<b>Total fund balances</b>	<b>\$ 15,127,804</b>	<b>\$ 840,339</b>	<b>\$ 2,704,383</b>	<b>\$ 20,690,716</b>	<b>\$ 39,363,242</b>

The City classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

*Nonspendable* fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2015, the City had no nonspendable fund balances.

*Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY – CONTINUED**

**Fund Balance – Continued**

*Committed* fund balance is established and modified by a resolution from City Council, the City's highest level of decision-making authority, and can be used only for the specified purposes determined by the Council's resolution.

*Assigned* fund balance is intended to be used by the City for specific purposes but does not meet the criteria to be classified as restricted or committed. The Council has delegated the authority to assign fund balance to the City Manager or Finance Director. Special revenue fund balance assigned included CERT and Citizens on Patrol/Citizens' Police Academy and totaled \$3,477 and \$1,726, respectively, as of September 30, 2015.

*Unassigned* fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

The City Charter requires that the fund balance of the general fund be at least sufficient to cover three months of the City's budgeted general fund operation and maintenance expenses, except in the event of an emergency. Fund balance may be used for emergency appropriations in accordance with Section 9.04(b) of the City's Charter.

**General Fund Balance Policy**

The City's goal is to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of budgeted operating expenditures per charter. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

If unassigned fund balance falls below 25% or if it is anticipated that at the completion of any fiscal year the projected fund balance will be less than the minimum requirement, the City Manager shall prepare and submit a plan to City Council to restore the minimum required level as soon as economic conditions allow. The plan shall detail the steps necessary for the replenishment of fund balance as well as an estimated timeline for achieving such.

**Utility Fund Balance Policy**

The City's goal is to achieve and maintain an unassigned fund balance in the Utility Fund equal to 25% of budgeted operating expenditures. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

If unassigned fund balance falls below 25% or if it is anticipated that at the completion of any fiscal year the projected fund balance will be less than the minimum requirement, the City Manager shall prepare and submit a plan to City Council to restore the minimum required level as soon as economic conditions allow. The plan shall detail the steps necessary for the replenishment of fund balance as well as an estimated timeline for achieving such.

The City uses restricted amounts first when both restricted and unrestricted fund balance are available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

Ninety days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them. Work sessions are conducted to obtain Council Members' comments, and public hearings are conducted to obtain citizens' comments. The budget is legally enacted by the City Council through the adoption of an ordinance prior to the beginning of the fiscal year.

The City Manager is authorized to transfer budgeted amounts of operation and maintenance line items within a department. Any revisions that alter the total expenditures or the capital outlays of any fund must be approved by the City Council. A legally approved budget is not adopted for the Capital Projects Fund because expenditures in this fund are limited to the funds available from long-term debt issuances.

Formal budget integration is employed as a management control device during the year for the General Fund. The General Capital Reserve Fund is a subset of the General Fund, for which formal budgetary integration is not employed. Funded from prior year revenues received in excess of budget, the General Capital Reserve Fund is used to fund one-time and small capital related projects. Each year, the City Council reviews a list of proposed projects which are individually approved or declined for funding from this separate fund.

Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture. The budget for the General Fund is adopted on a budgetary basis. The budgetary comparison schedule presented in this report is also on a budgetary basis. The primary adjustment to generally accepted accounting principles (GAAP) is removal of budgeted fund balance transfers. A legally approved budget is not adopted for the Special Revenue Funds. The Special Revenue Funds are expended at the discretion of the appropriate department manager.

**NOTE 6. DETAILED NOTES ON ALL FUNDS**

**Cash and Investments**

Custodial Credit Risk. Deposits (cash and certificates of deposit) in financial institutions are carried at cost which approximates fair values. The City's cash deposits at September 30, 2015, were entirely covered by FDIC insurance and pledged collateral held by the City's agent bank.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Cash and Investments – Continued**

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) Texas local government investment pools; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (b) secured by obligations that are described by (1)–(4); (6) and reverse repurchase agreements not to exceed 90 days to stated maturity.

Following are the City's cash and investments at September 30, 2015:

	Carrying/ Fair Value	Weighted Average Maturity (Days)
Petty cash	\$ 2,250	N/A
Deposits with financial institutions	1,636,926	N/A
Lone Star Investment Pool - corporate overnight fund	60,322,157	52
TexPool	21,753,574	48
Total	\$ 83,714,907	50

*Lone Star Investment Pool.* The Lone Star Investment Pool Corporate Overnight Fund (the Funds) state investments at amortized cost, which approximates fair value, to report net position for purposes of computing share prices. Accordingly, the fair values of the positions in the pools are essentially the same as the value of the shares in each pool.

The Lone Star Investment Pool (the Pool) is a public funds investment pool established in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The Pool is administered by First Public, LLC, a wholly owned subsidiary of the Texas Association of School Boards, Inc. and is governed by an eleven member Board of Trustees (Board) made up of active participants in the Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. Audited financial statements of the Pool are available at First Public, 12007 Research Blvd., Austin, Texas 78759.

The Board is also responsible for monitoring performance of the Pool. The Funds provide participants with daily access to funds and the net asset value of each participant's pro rata interest in each of the funds is designed to remain constant at one dollar per unit, respectively. The funds' portfolios are marked-to-market daily. If the Funds' amortized costs are above or below the fair value by more than one-half of one percent, the investment officer will take such action as is deemed appropriate to maintain the aforementioned per unit net asset values. Independent auditors audit the Fund annually.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Cash and Investments – Continued**

*TexPool.* Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at TexPool Participant Services, C/O Federated Investors Inc., 1001 Texas Avenue, Suite 1400, Houston, Texas 77002. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting 20% of the weighted average maturity of the City's investment portfolio for a period of greater than one year. The maximum allowable stated maturity of any individual investment owned by the City shall not exceed two years from the time of purchase. However, the maximum dollar-weighted maturity of local government investment pools may not exceed 90 days.

*Credit Risk.* State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2015, the City's investments in Lone Star and TexPool were both rated AAAM by Standard & Poor's.

**Capital Assets**

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Primary Government				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 6,679,754	\$ -	\$ -	\$ 6,679,754
Construction in progress	5,534,732	4,143,112	(6,071,329)	3,606,515
Total assets not being depreciated	12,214,486	4,143,112	(6,071,329)	10,286,269
Capital assets being depreciated:				
Buildings and improvements	65,547,189	15,519		65,562,708
Machinery and equipment	10,286,362	1,421,243	(414,993)	11,292,612
Infrastructure	291,794,444	17,721,728	-	309,516,172
Total capital assets being depreciated	367,627,995	19,158,490	(414,993)	386,371,492
Less accumulated depreciation:				
Buildings and improvements	27,036,141	3,497,870	-	30,534,011
Machinery and equipment	6,218,212	806,441	(363,248)	6,661,405
Infrastructure	149,447,941	9,311,992	-	158,759,933
Total accumulated depreciation	182,702,294	13,616,303	(363,248)	195,955,349
Total capital assets being depreciated, net	184,925,701	5,542,187	(51,745)	190,416,143
Governmental activities capital assets, net	<u>\$ 197,140,187</u>	<u>\$ 9,685,299</u>	<u>\$ (6,123,074)</u>	<u>\$ 200,702,412</u>

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Capital Assets – Continued**

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 6,738,869	\$ -	\$ -	\$ 6,738,869
Service rights	250,000	-	-	250,000
Construction in progress	2,438,473	7,032,443	(4,483,994)	4,986,922
Total assets not being depreciated	9,427,342	7,032,443	(4,483,994)	11,975,791
Capital assets being depreciated:				
Buildings and improvements	13,244,221	666,066	-	13,910,287
Machinery and equipment	3,939,877	122,512	-	4,062,389
Infrastructure	167,419,515	8,457,619	-	175,877,134
Total capital assets being depreciated	184,603,613	9,246,197	-	193,849,810
Less accumulated depreciation:				
Buildings and improvements	4,112,999	463,343	-	4,576,342
Machinery and equipment	2,830,009	217,583	-	3,047,592
Infrastructure	40,446,800	3,661,339	-	44,108,139
Total accumulated depreciation	47,389,808	4,342,265	-	51,732,073
Total capital assets being depreciated, net	137,213,805	4,903,932	-	142,117,737
Business-type activities capital assets, net	<u>\$146,641,147</u>	<u>\$ 11,936,375</u>	<u>\$ (4,483,994)</u>	<u>\$154,093,528</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Discretely presented component unit:				
Capital assets not being depreciated:				
Land	\$ 6,596,182	\$ -	\$ (424,710)	\$ 6,171,472
Construction in progress	5,434,191	657,957	-	6,092,148
Total assets not being depreciated	12,030,373	657,957	(424,710)	12,263,620
Capital assets being depreciated:				
Leasehold improvements	226,521	-	-	226,521
Furniture and equipment	43,220	5,499	-	48,719
Total capital assets being depreciated	269,741	5,499	-	275,240
Less accumulated depreciation:				
Leasehold improvements	12,384	44,304	-	56,688
Furniture and equipment	22,144	8,961	-	31,105
Total accumulated depreciation	34,528	53,265	-	87,793
Total capital assets being depreciated, net	235,213	(47,766)	-	187,447
Discretely presented component unit activities capital assets, net	<u>\$ 12,265,586</u>	<u>\$ 610,191</u>	<u>\$ (424,710)</u>	<u>\$ 12,451,067</u>

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Capital Assets**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government		\$ 307,728
Public safety		683,538
Public works		11,933,328
Culture and recreation		691,709
		<hr/>
Total depreciation expense - governmental activities		<u>\$ 13,616,303</u>
Business-type activities:		
Water and sewer		<u>\$ 4,342,265</u>

**Interfund Receivables/Payables and Transfers**

The composition of interfund receivables/payables and transfers in/out as of and for the year ended September 30, 2015, is as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Special revenue	General	\$ 7,136	Transfer for payables and CDBG
General	Special revenue	332,663	Transfer for TIRZ and PEG
General	Debt service	15,344	Transfer property taxes
General	Utility	474	Transfer for payables
Capital projects	General	175	Transfer for payables
Utility	General	257,464	Transfer for payables
<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>	<u>Purpose</u>
General	Utility	\$ 750,000	Management fee
General	Special revenue	58,606	Contribution to general fund
Debt service	Capital projects	22	Contribution to debt service
Capital projects	Special revenue	144,299	Contribution to capital projects
Utility	Capital projects	435,100	Transfer bond proceeds

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Long-term Debt**

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 82,158,024	\$ 22,441,095	\$ (5,883,695)	\$ 98,715,424	\$ 3,002,929
Premium on bond issuance	2,594,228	1,448,268	(209,764)	3,832,732	-
Discount on bonds	(232,300)	-	13,665	(218,635)	-
Compensated absences	493,249	132,524	(98,650)	527,123	105,425
Net pension liability	6,966,511	439,688	-	7,406,199	-
Net OPEB obligation	460,195	48,539	-	508,734	-
	<u>92,439,907</u>	<u>24,510,114</u>	<u>(6,178,444)</u>	<u>110,771,577</u>	<u>3,108,354</u>
Governmental activities long-term liabilities					
Business-type activities:					
Utility bonds	71,291,976	27,003,905	(13,401,705)	84,894,176	2,367,071
Premium on bond issuance	6,449,513	2,036,475	(561,320)	7,924,668	-
Discount on bonds	(50,275)	-	2,413	(47,862)	-
Compensated absences	51,258	6,171	(10,252)	47,177	9,435
Net pension liability	1,022,419	64,530	-	1,086,949	-
Net OPEB obligation	87,656	9,246	-	96,902	-
	<u>78,852,547</u>	<u>29,120,327</u>	<u>(13,970,864)</u>	<u>94,002,010</u>	<u>2,376,506</u>
Business-type activities long-term liabilities					
Total long-term debt	<u>\$171,292,454</u>	<u>\$ 53,630,441</u>	<u>\$ (20,149,308)</u>	<u>\$ 204,773,587</u>	<u>\$ 5,484,860</u>
Discretely presented component unit					
Notes payable	<u>\$ 27,294,648</u>	<u>\$ 3,448,502</u>	<u>\$ (1,276,908)</u>	<u>\$ 29,466,242</u>	<u>\$ 1,723,568</u>

For the governmental activities, the Debt Service Fund generally has been used to liquidate the general obligation bonds and the General Fund has liquidated compensated absences and the OPEB obligation.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**General Obligation Debt**

The annual requirements to retire general long-term debt, including interest, as of September 30, 2015, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 3,002,929	\$ 4,393,699	\$ 7,396,628
2017	3,533,490	4,112,564	7,646,054
2018	3,621,532	4,005,137	7,626,669
2019	3,750,051	3,870,052	7,620,103
2020	3,865,749	3,733,853	7,599,602
2021 - 2025	22,292,879	16,046,845	38,339,724
2026 - 2030	22,718,650	11,225,386	33,944,036
2031 - 2035	26,213,350	5,860,726	32,074,076
2036 - 2040	4,253,800	1,720,930	5,974,730
2041 - 2045	5,462,994	653,648	6,116,642
<b>Total</b>	<b>\$ 98,715,424</b>	<b>\$ 55,622,840</b>	<b>\$ 154,338,264</b>

A summary of tax-supported general obligation debt outstanding at September 30, 2015, follows:

	<u>Purpose</u>
\$4,785,000 Series 2006 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$25,000 to \$2,180,000 through August 1, 2025; interest at 4%.	\$ 4,610,000 Street projects
\$10,315,000 Series 2007 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$210,000 to \$1,085,000 through August 1, 2033; interest at 4% to 5%.	8,845,000 Street projects
\$11,500,000 Series 2009 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$220,000 to \$2,655,000 through August 1, 2035; interest at 3% to 5.375%.	10,180,000 Streets, construction and drainage
\$3,000,000 Series 2009 Limited Tax Bonds, due in annual installments of \$60,000 to \$700,000 through August 1, 2031; interest at 3.0% to 5.3%.	2,640,000 Expansion of Library
\$11,247,600 Series 2009A Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$233,850 to \$869,075 through August 1, 2035; interest at 2% to 5%.	10,044,580 Infrastructure improvements

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**General Obligation Debt – Continued**

		Purpose
\$2,941,470 Series 2009 Limited Tax Refunding Bonds, due in annual installments of \$60,030 to \$608,130 through August 1, 2016 and interest at 2% to 3.125%.	\$ 363,330	Refunding of prior issues 1996, 1996A, and 1997
\$2,000,000 Series 2010 Limited Tax Bonds, due in annual installments of \$40,000 to \$170,000 through August 1, 2035 and interest at 2 to 4.2%.	1,840,000	Library expansion
\$4,130,000 Series 2010 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$85,000 to \$350,000 through August 1, 2035 and interest at 2 to 4.2%.	3,790,000	Infrastructure improvements
\$10,099,200 Series 2010 Limited Tax Refunding Bonds, due in annual installments of \$38,400 to \$713,600 through August 1, 2032 and interest at 2 to 4%.	9,264,000	Partial refunding of prior issues 2001 and 2002
\$14,982,000 Series 2012 Limited Tax Refunding Bonds, due in annual installments of \$21,600 to \$926,400 through August 1, 2034 and interest at 2 to 5%.	13,712,419	Partial refunding of prior issues 1999, 2002, 2003, and 2004
\$2,000,000 Series 2013 Limited Tax Bonds, due in annual installments of \$25,000 to \$310,000 through August 1, 2033 and interest at 2 to 4%.	1,925,000	Library expansion
\$4,600,000 Series 2013 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$50,000 to \$730,000 through August 1, 2033 and interest at 2 to 4%.	4,450,000	Street projects
\$4,980,000 Series 2014 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$345,000 through August 1, 2033 and interest at 2 to 4.125%.	4,610,000	Infrastructure improvements
\$14,027,795 Series 2015 Limited Tax & Refunding Bonds, due in annual installments of \$22,050 to \$1,011,150 through August 1, 2045 and interest at 2.95 to 4.1%.	14,027,795	Refunding of prior issues 2004 and 2005; streets and parks projects
\$8,413,300 Series 2015 Combination Tax and Limited Revenue Certificates of Obligation, due in annual installments of \$102,300 to \$478,500 through August 1, 2045 and interest at 2 to 5.0%.	8,413,300	Streets and one small parks project
Total general obligation debt	\$ 98,715,424	

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**General Obligation Debt – Continued**

The ordinances authorizing the issuance of general obligation bonds created an interest and sinking fund (Debt Service Fund.) The ordinances require the City to ascertain a rate of ad valorem tax which will be sufficient to pay the principal and interest as they become due.

**Utility Debt**

A summary of utility debt outstanding at September 30, 2015, follows:

		<u>Purpose</u>
\$6,542,400 Series 2009A Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$110,925 to \$545,925. through August 1, 2035; interest at 2% to 5%.	\$ 5,915,420	Wastewater infrastructure improvements
\$2,693,530 Series 2009 Limited Tax Refunding Bonds, due in annual installments of \$54,970 to \$556,870 through August 1, 2016; interest at 2% to 3.125%.	321,270	Refunding of prior issues - 1993, 1999, and 2000
\$5,680,800 Series 2010 Limited Tax Refunding Bonds, due in annual installments of \$21,600 to \$401,400 through August 1, 2032 and interest at 2% to 4%.	5,211,000	Partial refunding of prior issues 2001 and 2002
\$47,443,000 Series 2012 Limited Tax Refunding Bonds, due in annual installments of \$34,917 to \$3,860,000 through August 1, 2034 and interest at 2 to 5%.	46,442,581	Refunding of prior issues 2002, 2003, 2003A and 2004
\$10,267,205 Series 2015 Limited Tax & Refunding Bonds, due in annual installments of \$43,450 to \$3,803,850 through August 1, 2045 and interest at 2.95 to 4.1%.	10,267,205	Refunding prior issues 2004 and 2005
\$16,736,700 Series 2015 Combination Tax and Limited Revenue Certificates of Obligation, due in annual installments of \$207,700 to \$971,500 through August 1, 2045 and interest at 2 to 5.0%.	<u>16,736,700</u>	Improvements to water and sewer infrastructure
	<u>\$ 84,894,176</u>	

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Utility Debt – Continued**

The annual requirements to retire all Utility Fund bonds, including interest, at September 30, 2015, follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Requirements
2016	\$ 2,367,071	\$ 3,968,620	\$ 6,335,691
2017	2,736,510	3,667,661	6,404,171
2018	2,828,468	3,587,096	6,415,564
2019	2,864,949	3,482,979	6,347,928
2020	2,969,251	3,385,732	6,354,983
2021-2025	14,977,121	14,995,518	29,972,639
2026-2030	22,176,350	11,173,138	33,349,488
2031-2035	26,041,650	5,417,382	31,459,032
2036-2040	3,591,200	1,454,570	5,045,770
2041-2045	4,341,606	553,152	4,894,758
Total	<u>\$ 84,894,176</u>	<u>\$ 51,685,848</u>	<u>\$ 136,580,024</u>

The utility bonds are payable from a pledge of the surplus revenues derived from the operation of the City's combined Waterworks and Sewer system, after payment of all operation and maintenance expenses.

**New Bond Issuances**

On May 15, 2015, the City issued Limited Tax and Refunding Bonds, Series 2015, of which \$12,970,000 was issued for the purpose of refunding the City's Series 2004 and Series 2005 Combination Tax & Revenue Certificates of Obligation. These are bonds are fully defeased at year end and the associated liabilities have been removed from the financial statements. The City refunded these bonds to reduce its total debt service payments over the next 20 years by approximately \$2,572,000 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$1,756,397.

**Discretely Presented Component Unit Debt**

During 2014, the PCDC refunded a loan agreement originally for the purchase of land in the original principal amount of \$7,173,000 at an interest rate of 4.75%. The loan is payable in full on November 26, 2016 to First Star Bank and is secured by a deed of trust on the land.

During 2014, a loan was obtained from First Texas Bank to finance leasehold improvements for a sublease. The loan was obtained for \$1,300,000 at an interest rate of 3.75% and matures on May 1, 2019. The loan is secured by an assignment of rent from two leases.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Discretely Presented Component Unit Debt – Continued**

PCDC entered into a loan agreement (the PCDC Bank Loan) February 21, 2014 and subsequently amended in November 2014 to finance the construction of the Hawaiian Falls Water Park, to be drawn down in installments up to \$25 million. The PCDC Bank Loan accrues interest at a fixed rate of 3.95% with monthly payments of principal and interest amortized over a 25-year period and a balloon maturity in 5 years. The PCDC Bank Loan is payable by PCDC from (i) rent payments to be received by PCDC from Hawaiian Parks as the operator of the Water Park which are to be made in an amount equal to debt service due on the PCDC Bank Loan and (ii) from PCDC's one-half cent Local Sales and Use Tax levied within the City. The City has entered into an agreement under Chapter 380 whereby the City of Pflugerville will be obligated to make payments to the lender under the PCDC Bank Loan in the event that PCDC is unable to make payments when due under such loan. The City's obligation to make such payments to the lender under the PCDC Bank Loan is from any source lawfully available to the City of Pflugerville other than from funds derived from ad valorem taxes and is subject to annual appropriation by the City.

Debt service requirements of the PCDC for future years are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 1,723,568	\$ 1,162,561	\$ 2,886,129
2017	1,320,563	1,105,714	2,426,277
2018	1,377,211	1,048,997	2,426,208
2019	1,286,668	914,536	2,201,204
2020	22,745,254	555,309	23,300,563
Thereafter	1,012,978	48,615	1,061,593
Total	<u>\$ 29,466,242</u>	<u>\$ 4,835,732</u>	<u>\$ 34,301,974</u>

**NOTE 7. PENSION PLAN**

**Plan Description**

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLAN – CONTINUED**

**Plan Description – Continued**

Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement for vesting	20 years at any age, 5 years at the age 60 and above
Updated Service Credit	100% Repeating, transfers
Annuity Increase to retirees	70% of CPI Repeating

***Employees covered by benefit terms***

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	120
Active employees	281
Total	449

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLAN – CONTINUED**

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Pflugerville were required to contribute 7% of their annual gross earnings during the fiscal year 2015. The contribution rates for the City of Pflugerville were 12.91% and 13.44% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$2,169,509, and were equal to the required contributions.

**Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

***Actuarial assumptions:***

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLAN – CONTINUED**

**Net Pension Liability – Continued**

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

***Discount Rate***

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLAN – CONTINUED**

**Net Pension Liability – Continued**

***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2013	\$ 40,467,153	\$ 32,478,223	\$ 7,988,930
Changes for the year:			
Service cost	2,353,433	-	2,353,433
Interest	2,884,857	-	2,884,857
Change of benefit terms	-	-	-
Difference between expected and actual experience	112,939	-	112,939
Changes of assumptions	-	-	-
Contributions - employer	-	1,958,758	(1,958,758)
Contributions - employee	-	1,050,675	(1,050,675)
Net investment income	-	1,858,571	(1,858,571)
Benefit payments, including refund of employee contributions	(863,241)	(863,241)	-
Administrative expense	-	(19,398)	19,398
Other changes	-	(1,595)	1,595
Net changes	<u>4,487,988</u>	<u>3,983,770</u>	<u>504,218</u>
Balance at December 31, 2014	<u>\$ 44,955,141</u>	<u>\$ 36,461,993</u>	<u>\$ 8,493,148</u>

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 16,536,076	\$ 8,493,148	\$ 2,072,357

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tMrs.com](http://www.tMrs.com).

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLAN – CONTINUED**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2015, the City recognized pension expense of \$2,037,094.

At September 30, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 93,958
Changes in actuarial assumptions	-
Difference between projected and actual investment earnings	331,924
Contributions subsequent to the measurement date	1,600,637
Total	\$ 2,026,519

\$1,600,637 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year ended December 31,

2015	\$ 101,962
2016	101,962
2017	101,962
2018	101,962
2019	18,034
	\$ 425,882

**NOTE 8. POSTEMPLOYMENT HEALTH CARE BENEFITS**

**Plan Description**

The City provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, full-time employees are eligible to participate in the City's health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 20 years of service or at age 60 with five years of service. Spouses and dependents of retirees are also eligible. As of the date of the latest actuarial valuation, the City has 279 active employees and 15 retirees eligible to participate in the plan.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. POSTEMPLOYMENT HEALTH CARE BENEFITS – CONTINUED**

**Plan Description – Continued**

When a regular, full-time employee retires, they are eligible to continue to participate in the City's group health insurance plan. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Retirees who decide to opt-out of the health care plan are not eligible to opt back in when coverage from another entity ceases.

Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums. The City's coverage ceases when the retiree becomes eligible for Medicare coverage.

The City offers life insurance coverage for retirees at a \$10,000 limit at the retiree's expense. The retiree pays 100% of the premium. Life insurance coverage continues when the retiree becomes eligible for Medicare coverage.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the fiscal year ending September 30, 2015 is as follows:

Annual required contribution (ARC)	\$	90,560
Interest on OPEB obligation		24,653
Adjustment to the ARC		(22,840)
		92,373
Annual OPEB cost		92,373
Net estimated employer contributions		(34,588)
		57,785
Increase (decrease) in net OPEB obligation		57,785
Net Obligation (asset) - beginning of year		547,851
		605,636
Net Obligation (asset) - end of year	\$	605,636

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. POSTEMPLOYMENT HEALTH CARE BENEFITS – CONTINUED**

**Annual OPEB Cost and Net OPEB Obligation – Continued**

The City's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Net Employer Contributions	Annual OPEB Cost	Trend Information			
			Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Required Contribution	Percentage of ARC Contributed
9/30/2013	\$ 10,579	\$ 85,281	12.4%	\$ 471,398	\$ 83,969	12.6%
9/30/2014	11,595	88,047	13.2%	547,850	86,488	13.4%
9/30/2015	34,588	92,372	37.4%	605,636	90,560	38.2%

**Funding Status and Funding Progress**

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2014 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	\$ -	\$ 614,779	\$ 614,779	0%	\$ 12,898,447	4.8%
12/31/2012	-	532,642	532,642	0%	13,193,574	4.0%
12/31/2014	-	671,931	671,931	0%	15,009,641	4.5%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial liability exceeding actuarial assets by \$671,931 at December 31, 2014. The schedule of funding progress above presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

**Actuarial Methods and Assumptions**

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. POSTEMPLOYMENT HEALTH CARE BENEFITS – CONTINUED**

**Actuarial Methods and Assumptions – Continued**

	OPEB
Actuarial valuation date	December 31, 2014
Actuarial Cost Method	Projected unit credit cost method
Amortization Method	Level as a percentage of payroll
Amortization Period	30 years, open period
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	4.5% net of expenses Initial rate of 7.25% declining to an ultimate rate of 4.5% after 14 years
Healthcare Cost Trend Rate	3.0% per annum
Payroll Growth	3.0% per annum
Inflation Rate	3.0% per annum

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The City selects a firm to conduct an independent actuarial valuation of its employer financed health benefits every two years as required by GASB 45. The most recent valuation was performed by the consultant and actuarial firm Gabriel Roeder Smith & Company. A copy of this report can be obtained by writing to the City of Pflugerville, P.O. Box 589, Pflugerville, TX 78691 or by calling 512-990-6100.

**NOTE 9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining workers compensation and property and liability insurance through Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool (Pool) is considered a self-sustaining risk pool that provides coverage for its members. The City's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the City. The Pool's liability is limited to the coverage that the City elects as stated in the Pool's Declarations of Coverage for that fund year. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10. COMMITMENTS AND CONTINGENCIES**

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$2,518,000 for the Capital Projects Fund and \$1,798,000 for the Utility Fund.

On September 28, 2011, the City entered into a lease agreement with the Travis County Emergency Services District No. 2 to lease building space. The lease commenced on October 1, 2011 and runs sixty months. The City has the right to extend the lease for five one-year periods. Rent expense for the year ended September 30, 2015 was \$123,298. Future payments due under the agreement are \$123,298 in fiscal year 2016.

The City has entered into an agreement under Chapter 380 whereby the City will be obligated to make payments to the lender under the PCDC Bank Loan in the event that PCDC is unable to make payments when due under such loan. The City's obligation to make such payments to the lender under the PCDC Bank Loan is from any source lawfully available to the City other than from funds derived from ad valorem taxes and is subject to annual appropriation by the City. See more information in Note 6.

In November 2009, September 2012 and January 2014, PCDC entered into agreements with the City to contribute its share of debt service payments to the City for bonds that the City issued on PCDC's behalf. PCDC's share of the 2009, 2013 and 2014 debt was determined to be \$2,750,000, \$4,600,000 and \$4,980,000, respectively, and was used for infrastructure improvements to land owned by PCDC and street projects related to economic development.

Future payments under the agreements are as follows:

<u>Fiscal Year</u>	<u>2009 issue</u>	<u>2013 issue</u>	<u>2014 issue</u>	<u>Total</u>
2016	\$ 183,701	\$ 240,206	\$ 358,781	\$ 782,688
2017	186,201	238,206	359,981	784,388
2018	183,333	236,206	361,081	780,620
2019	185,251	233,206	360,081	778,538
2020	181,876	230,206	358,931	771,013
2021-2025	917,575	1,009,032	1,811,157	3,737,764
2026-2030	919,620	2,520,444	1,808,157	5,248,221
2031-2035	914,988	1,598,113	1,082,294	3,595,395
Total	<u>\$ 3,672,545</u>	<u>\$ 6,305,619</u>	<u>\$ 6,500,463</u>	<u>\$ 16,478,627</u>

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10. COMMITMENTS AND CONTINGENCIES – CONTINUED**

The PCDC entered into various operating leases for office space, vehicles, and equipment, with monthly payments ranging from \$255 to \$43,600, with lease expiration dates ranging through the year ending September 30, 2019. Operating lease expense for the fiscal year ended September 30, 2014 was \$693,526. Future lease payments are as follows:

Fiscal Year	
2016	\$ 620,601
2017	610,196
2018	521,600
2019	10,500
Total	\$ 1,762,897

The PCDC has entered into two subleases. Future lease payments to be received under these leases follow:

Fiscal Year	
2016	\$ 648,624
2017	648,624
2018	635,372
2019	122,400
Total	\$ 2,055,020

**NOTE 11. INVESTMENT IN DIRECT FINANCING LEASE**

The PCDC has entered into a direct financing lease with Hawaiian Parks for land and improvements for the Water Park. See Note 6 for information on the related debt. The lease term is twenty-five (25) years, with two 10-year renewal options. The components of the net investment in direct financing lease are summarized as follows:

Total minimum lease payments to be received	\$ 28,949,557
Less: Interest earnings	(4,191,649)
Net investment in direct financing lease	\$ 24,757,908

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11. INVESTMENT IN DIRECT FINANCING LEASE – CONTINUED**

The scheduled financing lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 1,584,316
2017	1,584,316
2018	1,584,316
2019	1,584,316
2020	1,584,316
Thereafter	21,027,977
Less: Interest	<u>(4,191,649)</u>
	<u><u>\$ 24,757,908</u></u>

**NOTE 12. RESTATEMENT OF BEGINNING NET POSITION**

Net position as of September 30, 2014 has been restated to reflect the impact of the City's implementation of GASB Statements Nos. 68 and 71, as well as an error to previously reported capital assets. During 2015, the City of Pflugerville realized that infrastructure had been capitalized by the City which the City was responsible for the maintenance and operation of, but did not own. These assets were primarily water and wastewater infrastructure (utility), but in 2014 a small amount of street infrastructure (governmental) was also capitalized erroneously. These adjustments remove the affected assets and the accumulated depreciation of those assets erroneously capitalized by the City from 2006 through 2014.

The impact of the restatement on relevant reporting units is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net position, as previously reported	\$ 135,677,873	\$ 104,480,855	\$ 240,158,728
Correction of error	(945,262)	(5,386,309)	(6,331,571)
Implementation of new accounting standards	<u>(5,737,486)</u>	<u>(842,046)</u>	<u>(6,579,532)</u>
Net position, as restated	<u><u>\$ 128,995,125</u></u>	<u><u>\$ 98,252,500</u></u>	<u><u>\$ 227,247,625</u></u>

**NOTE 13. SUBSEQUENT EVENTS**

In the November 2014 bond election, voters passed bonds for \$28,000,000 and \$25,000,000 for transportation and parks and recreation projects, respectively, to be issued incrementally over the next few years. To date, the City has issued \$11,881,000. Additionally, in the November 2015 bond election, voters passed bonds for \$9,500,000 for Weiss Lane improvements. Funds have not yet been issued for this project.

**CITY OF PFLUGERVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 14. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS**

The GASB has issued the following statements which will become effective in future years.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement establishes new accounting and financial reporting requirements for OPEB plans. This statement will become effective for the City in fiscal year 2018.

Statement No. 77, *Tax Abatement Disclosures* – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the City in fiscal year 2017.



**REQUIRED SUPPLEMENTAL  
INFORMATION**



**CITY OF PFLUGERVILLE, TEXAS  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

	Measurement Year 2014
Total pension liability:	
Service cost	\$ 2,353,433
Interest	2,884,857
Changes of benefit terms	-
Difference between expected and actual experience	112,939
Change in assumptions	-
Benefit payments, including refunds of employee contributions	(863,241)
	4,487,988
Net change in total pension liability	4,487,988
Total pension liability - beginning	40,467,153
Total pension liability - ending (a)	\$ 44,955,141
Plan fiduciary net position:	
Contributions - employer	\$ 1,958,758
Contributions - employee	1,050,675
Net investment income	1,858,571
Benefit payments, including refunds of employee contributions	(863,241)
Administrative expense	(19,398)
Other	(1,595)
	3,983,770
Net change in plan fiduciary net position	3,983,770
Plan fiduciary net position - beginning	32,478,223
Plan fiduciary net position - ending (b)	36,461,993
Net pension liability - ending (a) - (b)	\$ 8,493,148
Plan fiduciary net position as a percentage of total pension liability	81.11%
Covered employee payroll	\$ 15,009,641
Net pension liability as a percentage of covered employee payroll	56.58%

**Note:** GASB 68 requires 10 fiscal years of data to be provided in this schedule. This schedule will be added to annually over the next 10-year period.

**CITY OF PFLUGERVILLE, TEXAS  
REQUIRED SUPPLEMENTAL INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM – SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

Actuarially determined contributions	<u>\$</u>	1,958,758
Actual contributions		(1,958,758)
Contributions deficiency (excess)		<u><u>-</u></u>
City covered employee payroll	<u>\$</u>	15,009,641
Ratio of actual contributions to covered payroll amount		13.05%

**Note:** GASB 68 requires 10 fiscal years of data to be provided in this schedule. This schedule will be added to annually over the next 10-year period.

**Notes to Schedule of Contributions**

Actuarial determined contribution rates are calculated as of December 31 and become effective 13 months later in January.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.5% to 12% including inflation
Investment Rate of Return	7.00%

Retirement Age – Experience-based table of rates that are specific to the City’s plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.

Mortality – RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

There were no benefit changes during the year.

## **COMBINING SCHEDULES**



**CITY OF PFLUGERVILLE, TEXAS  
COMBINING BALANCE SCHEDULE  
GENERAL FUND – SUBFUNDS  
SEPTEMBER 30, 2015**

	<u>GENERAL</u>	<u>RESERVE FUNDS</u>	<u>TOTALS</u>
<b>ASSETS</b>			
Cash and investments	\$ 12,476,511	\$ 3,024,073	\$ 15,500,584
Taxes receivable	1,755,837	-	1,755,837
Other receivables	686,103	-	686,103
Due from other funds	264,775	-	264,775
Due from component unit	27,421	-	27,421
<b>TOTAL ASSETS</b>	<u>\$ 15,210,647</u>	<u>\$ 3,024,073</u>	<u>\$ 18,234,720</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,177,252	\$ 117,819	\$ 1,295,071
Wages payable	723,773	-	723,773
Due to other funds	348,481	-	348,481
<b>TOTAL LIABILITIES</b>	2,249,506	117,819	2,367,325
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes and fines	739,591	-	739,591
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	739,591	-	739,591
<b>FUND BALANCES</b>			
Committed for:			
General capital reserve	-	2,883,238	2,883,238
Specific programs	-	23,016	23,016
Unassigned	12,221,550	-	12,221,550
<b>TOTAL FUND BALANCES</b>	<u>12,221,550</u>	<u>2,906,254</u>	<u>15,127,804</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 15,210,647</u>	<u>\$ 3,024,073</u>	<u>\$ 18,234,720</u>

**CITY OF PFLUGERVILLE, TEXAS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GENERAL FUND – SUBFUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>GENERAL</u>	<u>RESERVE FUNDS</u>	<u>TOTALS</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 12,460,202	\$ -	\$ 12,460,202
Sales	6,735,674	-	6,735,674
Franchise	3,365,226	-	3,365,226
Mixed beverage	76,020	-	76,020
Licenses and permits	1,482,646	-	1,482,646
Intergovernmental	385,756	-	385,756
Fines and forfeitures	1,033,777	-	1,033,777
Interest income	16,216	-	16,216
Charges for services	548,015	-	548,015
Other income	261,459	-	261,459
<b>TOTAL REVENUES</b>	<u>26,364,991</u>	<u>-</u>	<u>26,364,991</u>
<b>EXPENDITURES</b>			
Current			
General government	6,289,122	8,981	6,298,103
Public safety	10,344,637	110,145	10,454,782
Public works and streets	3,746,073	-	3,746,073
Cultural and recreation	3,583,731	41,896	3,625,627
Capital outlay	1,297,951	452,056	1,750,007
<b>TOTAL EXPENDITURES</b>	<u>25,261,514</u>	<u>613,078</u>	<u>25,874,592</u>
Excess (deficiency) of revenues over (under) expenditures	1,103,477	(613,078)	490,399
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in(out) - intrafund	(1,295,000)	1,295,000	-
Transfers in	1,208,607	(400,001)	808,606
Proceeds from sale of capital assets	25,585	-	25,585
Insurance recoveries	24,923	-	24,923
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(35,885)</u>	<u>894,999</u>	<u>859,114</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,067,592	281,921	1,349,513
<b>FUND BALANCES, BEGINNING</b>	<u>11,153,958</u>	<u>2,624,333</u>	<u>13,778,291</u>
<b>FUND BALANCES, ENDING, Budgetary Basis</b>	<u>\$ 12,221,550</u>	<u>\$ 2,906,254</u>	<u>\$ 15,127,804</u>

## **STATISTICAL SECTION**



## STATISTICAL SECTION

This part of the City of Pflugerville’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

<b>Contents</b>	<b>Pages</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	87
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	94
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	101
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	106
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the service the government provides and the activities it performs.</i>	110

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**City of Pflugerville**  
**Net Position by Components**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net Investment in Capital Assets	\$ 158,527	\$ 156,133	\$ 159,687	\$ 153,437	\$ 149,792	\$ 143,269	\$ 132,428	\$ 121,820	\$ 119,082	\$ 121,114
Restricted	1,120	1,242	2,100	1,849	1,508	1,636	2,414	2,460	2,691	2,804
Unrestricted	<u>7,047</u>	<u>8,188</u>	<u>6,756</u>	<u>10,961</u>	<u>9,637</u>	<u>11,622</u>	<u>12,255</u>	<u>12,013</u>	<u>13,905</u>	<u>9,276</u>
Total governmental activities net position	<u>\$ 166,694</u>	<u>\$ 165,563</u>	<u>\$ 168,544</u>	<u>\$ 166,246</u>	<u>\$ 160,937</u>	<u>\$ 156,527</u>	<u>\$ 147,097</u>	<u>\$ 136,293</u>	<u>\$ 135,678</u>	<u>\$ 133,193</u>
Business-type activities										
Net Investment in Capital Assets	\$ 55,866	\$ 53,876	\$ 58,301	\$ 61,139	\$ 64,633	\$ 69,065	\$ 69,870	\$ 73,042	\$ 82,043	\$ 81,232
Restricted	10,623	11,462	10,403	9,578	7,354	6,679	6,569	6,091	8,842	11,281
Unrestricted	<u>4,280</u>	<u>9,108</u>	<u>9,798</u>	<u>10,145</u>	<u>9,061</u>	<u>10,089</u>	<u>12,675</u>	<u>14,048</u>	<u>13,596</u>	<u>14,689</u>
Total business-type activities net position	<u>\$ 70,769</u>	<u>\$ 74,445</u>	<u>\$ 78,502</u>	<u>\$ 80,863</u>	<u>\$ 81,047</u>	<u>\$ 85,833</u>	<u>\$ 89,115</u>	<u>\$ 93,180</u>	<u>\$ 104,481</u>	<u>\$ 107,203</u>
Primary government										
Net Investment in Capital Assets	\$ 214,393	\$ 210,009	\$ 217,988	\$ 214,577	\$ 214,425	\$ 212,334	\$ 202,298	\$ 194,862	\$ 201,125	\$ 202,346
Restricted	11,743	12,704	12,503	11,427	8,862	8,315	8,983	8,551	11,533	14,085
Unrestricted	<u>11,327</u>	<u>17,296</u>	<u>16,555</u>	<u>21,106</u>	<u>18,698</u>	<u>21,711</u>	<u>24,930</u>	<u>26,061</u>	<u>27,501</u>	<u>23,965</u>
Total primary government net position	<u>\$ 237,463</u>	<u>\$ 240,008</u>	<u>\$ 247,045</u>	<u>\$ 247,109</u>	<u>\$ 241,984</u>	<u>\$ 242,360</u>	<u>\$ 236,211</u>	<u>\$ 229,473</u>	<u>\$ 240,159</u>	<u>\$ 240,396</u>

**City of Pflugerville**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

**(accrual basis of accounting; amounts expressed in thousands)**

<b>Expenses</b>	<b>Fiscal Year</b>									
	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
Governmental activities:										
General government	\$ 2,971	\$ 3,789	\$ 4,341	\$ 4,903	\$ 4,925	\$ 6,079	\$ 7,015	\$ 5,315	\$ 6,094	\$ 6,783
Public safety	6,117	6,560	7,662	9,435	10,598	10,643	11,061	11,639	12,237	13,018
Public works and streets	8,969	9,856	11,423	11,099	13,447	12,047	13,534	13,557	19,772	15,976
Culture/Recreation	2,782	2,905	3,086	3,563	3,610	3,672	3,874	4,375	4,783	4,475
Interest on long term debt	1,997	2,132	2,504	3,005	3,537	3,520	3,343	3,634	3,660	3,846
Total governmental activities expenses	<u>22,836</u>	<u>25,243</u>	<u>29,017</u>	<u>32,005</u>	<u>36,118</u>	<u>35,961</u>	<u>38,826</u>	<u>38,520</u>	<u>46,547</u>	<u>44,097</u>
Business-type expenses:										
Water and wastewater	12,539	15,390	16,467	18,016	16,211	17,744		18,540	18,751	19,249
Solid waste	1,224	1,734	2,328	2,816	3,273	3,475	3,623	3,767	3,916	4,125
Total business-type expenses	<u>13,762</u>	<u>17,125</u>	<u>18,796</u>	<u>20,832</u>	<u>19,484</u>	<u>21,219</u>	<u>3,623</u>	<u>22,307</u>	<u>22,667</u>	<u>23,374</u>
Total primary government expenses	<u>\$ 36,598</u>	<u>\$ 42,367</u>	<u>\$ 47,813</u>	<u>\$ 52,836</u>	<u>\$ 55,602</u>	<u>\$ 57,180</u>	<u>\$ 42,449</u>	<u>\$ 60,827</u>	<u>\$ 69,214</u>	<u>\$ 67,471</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,762	\$ 2,003	\$ 1,557	\$ 837	\$ 539	\$ 648	\$ 928	\$ 1,247	\$ 1,586	\$ 1,461
Public safety	734	928	1,447	2,710	2,496	2,788	2,943	2,874	3,049	3,287
Public works and streets	-	-	-	-	-	-	-	-	-	-
Culture and recreation	647	709	744	736	791	737	785	757	717	698
Operating grants and contributions	255	522	150	87	349	283	244	202	479	210
Capital grants and contributions	3,913	4,469	9,314	3,918	3,275	1,910	3,475	2,882	11,921	12,499
Total governmental activities program revenues	<u>7,312</u>	<u>8,631</u>	<u>13,211</u>	<u>8,290</u>	<u>7,450</u>	<u>6,367</u>	<u>8,374</u>	<u>7,962</u>	<u>17,753</u>	<u>18,155</u>
Business-type activities:										
Charges for services:										
Water and wastewater	12,372	11,756	15,086	16,287	15,574	18,869	17,951	18,258	17,967	19,457
Solid waste	1,129	1,693	2,388	2,856	3,300	3,484	3,622	3,777	3,935	4,112
Operating grants and contributions	-	6	-	-	-	-	-	-	-	-
Capital grants and contributions	13,911	7,823	4,174	4,403	1,184	4,183	3,007	5,834	12,704	8,819
Total business-type activities program revenues	<u>27,412</u>	<u>21,278</u>	<u>21,647</u>	<u>23,546</u>	<u>20,058</u>	<u>26,536</u>	<u>24,580</u>	<u>27,869</u>	<u>34,606</u>	<u>32,387</u>
Total primary government program revenues	<u>\$ 34,724</u>	<u>\$ 29,908</u>	<u>\$ 34,858</u>	<u>\$ 31,836</u>	<u>\$ 27,508</u>	<u>\$ 32,903</u>	<u>\$ 32,954</u>	<u>\$ 35,831</u>	<u>\$ 52,359</u>	<u>\$ 50,542</u>

## Changes in Net Position (cont.)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities:	(15,524)	(16,612)	(15,806)	(23,715)	(28,668)	(29,594)	(30,452)	(30,558)	(28,794)	(25,942)
Business-type activities:	13,649	4,153	2,852	2,714	574	5,317	20,957	5,563	11,939	9,014
Total primary government net expense	<u>\$ (1,874)</u>	<u>\$ (12,459)</u>	<u>\$ (12,955)</u>	<u>\$ (21,000)</u>	<u>\$ (28,094)</u>	<u>\$ (24,277)</u>	<u>\$ (9,495)</u>	<u>\$ (24,995)</u>	<u>\$ (16,855)</u>	<u>\$ (16,928)</u>
<b>General Revenues and Other Changes</b>										
<b>in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 9,034	\$ 9,637	\$ 11,753	\$ 15,271	\$ 16,261	\$ 16,940	\$ 17,005	\$ 17,040	\$ 17,356	\$ 18,411
Sales taxes	1,745	2,399	2,764	3,213	3,364	3,898	4,419	4,833	5,658	6,736
Franchise taxes	1,637	1,781	2,131	2,438	2,595	2,999	2,931	2,913	3,323	3,493
Alcoholic beverage taxes	13	19	30	26	22	28	24	35	68	76
Hotel taxes	-	-	-	-	-	-	-	-	-	1
Investment earnings	786	931	681	202	86	58	38	32	38	79
Other income	151	263	367	187	736	494	488	356	855	1,057
Gain (loss) on sale of capital assets	-	1	-	-	9	27	19	39	14	(26)
Transfers	450	450	500	500	500	700	750	(772)	750	315
Total governmental activities	<u>13,815</u>	<u>15,481</u>	<u>18,226</u>	<u>21,837</u>	<u>23,574</u>	<u>25,144</u>	<u>25,674</u>	<u>24,477</u>	<u>28,061</u>	<u>30,140</u>
Business-type activities:										
Investment earnings	1,246	1,337	720	147	56	32	25	24	11	55
Other income	-	-	-	-	50	136	50	144	101	135
Gain (loss) on sale of capital assets	-	-	5	-	5	-	9	-	-	61
Transfers	(450)	(450)	(500)	(500)	(500)	(700)	(750)	772	(750)	(315)
Total business type activities	<u>796</u>	<u>887</u>	<u>225</u>	<u>(353)</u>	<u>(389)</u>	<u>(532)</u>	<u>(665)</u>	<u>940</u>	<u>(638)</u>	<u>(64)</u>
Total primary government	<u>\$ 14,611</u>	<u>\$ 16,368</u>	<u>\$ 18,451</u>	<u>\$ 21,484</u>	<u>\$ 23,185</u>	<u>\$ 24,612</u>	<u>\$ 25,008</u>	<u>\$ 25,417</u>	<u>\$ 27,423</u>	<u>\$ 30,077</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (1,708)	\$ (1,131)	\$ 2,420	\$ (1,877)	\$ (5,093)	\$ (4,451)	\$ (4,778)	\$ (6,081)	\$ (733)	\$ 4,198
Business-type activities	14,452	5,040	3,077	2,361	184	4,786	20,292	6,502	11,301	8,950
Total primary government	<u>\$ 12,743</u>	<u>\$ 3,909</u>	<u>\$ 5,497</u>	<u>\$ 484</u>	<u>\$ (4,909)</u>	<u>\$ 335</u>	<u>\$ 15,513</u>	<u>\$ 422</u>	<u>\$ 10,568</u>	<u>\$ 13,148</u>

**City of Pflugerville**  
**Fund Balances of Governmental Funds**  
**(modified accrual basis of accounting; amounts expressed in thousands)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,996	8,068	7,838	9,398	7,897	-	-	-	-	-
Committed	-	-	-	-	-	2,765	1,592	2,432	2,624	2,906
Unassigned	-	-	-	-	-	6,844	8,961	9,513	11,154	12,222
<b>Total general fund</b>	<b><u>\$ 6,996</u></b>	<b><u>\$ 8,068</u></b>	<b><u>\$ 7,838</u></b>	<b><u>\$ 9,398</u></b>	<b><u>\$ 7,897</u></b>	<b><u>\$ 9,609</u></b>	<b><u>\$ 10,553</u></b>	<b><u>\$ 11,945</u></b>	<b><u>\$ 13,778</u></b>	<b><u>\$ 15,128</u></b>
All other governmental funds										
Reserved	\$ 8,740	\$ 2,712	\$ 1,744	\$ 1,723	\$ 2,070	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	168	260	292	280	371	-	-	-	-	-
Capital projects funds	-	-	7,427	14,863	18,594	-	-	-	-	-
Restricted	-	-	-	-	-	18,956	12,788	11,516	6,705	24,152
Committed	-	-	-	-	-	50	116	164	214	78
Assigned	-	-	-	-	-	-	10	5	6	5
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b><u>\$ 8,908</u></b>	<b><u>\$ 2,972</u></b>	<b><u>\$ 9,463</u></b>	<b><u>\$ 16,866</u></b>	<b><u>\$ 21,035</u></b>	<b><u>\$ 19,006</u></b>	<b><u>\$ 12,913</u></b>	<b><u>\$ 11,684</u></b>	<b><u>\$ 6,924</u></b>	<b><u>\$ 24,235</u></b>

\*Beginning in 2011 the City implemented GASB Statement No. 54, which modified the fund balance reporting categories.

**City of Pflugerville**  
**Governmental Activities Tax Revenues by Source**  
**(accrual basis of accounting)**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Hotel Tax</u>	<u>Total</u>
2006	\$ 9,033,537	\$ 1,745,341	\$ 1,636,724	\$ 12,937	\$ -	\$ 12,428,539
2007	9,637,347	2,398,919	1,781,396	18,522	-	13,836,184
2008	11,753,499	2,763,666	2,130,589	30,145	-	16,677,899
2009	15,270,534	3,213,139	2,438,209	26,256	-	20,948,138
2010	16,261,249	3,363,739	2,595,306	22,286	-	22,242,580
2011	16,939,622	3,897,834	2,998,551	28,324	-	23,864,331
2012	17,005,330	4,418,653	2,930,906	24,070	-	24,378,959
2013	17,040,128	4,833,364	2,913,034	35,467	-	24,821,993
2014	17,356,210	5,658,163	3,322,550	67,504	-	26,404,427
2015	18,410,622	6,735,674	3,492,706	76,020	1,093	28,716,115

**City of Pflugerville**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting; amounts expressed in thousands)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 12,429	\$ 13,796	\$ 16,713	\$ 20,770	\$ 22,268	\$ 23,862	\$ 24,393	\$ 24,794	\$ 26,364	\$ 28,765
Licenses and permits	1,674	1,887	1,344	610	588	696	1,009	1,332	1,663	1,541
Intergovernmental	376	739	244	3,492	1,618	1,878	1,983	2,261	4,192	3,916
Fines	660	918	921	1,053	1,134	1,189	1,316	1,131	1,116	1,129
Interest income	786	931	681	202	86	58	38	32	38	79
Miscellaneous	1,986	1,154	2,047	3,119	2,891	1,185	1,052	835	880	912
Total revenues	<u>17,911</u>	<u>19,425</u>	<u>21,951</u>	<u>29,246</u>	<u>28,585</u>	<u>28,870</u>	<u>29,792</u>	<u>30,385</u>	<u>34,253</u>	<u>36,343</u>
<b>Expenditures</b>										
General government	\$ 2,743	\$ 3,535	\$ 4,184	\$ 4,489	\$ 4,581	\$ 4,824	\$ 4,789	\$ 4,889	\$ 5,880	\$ 6,444
Public safety	5,749	6,049	7,368	8,889	9,851	9,913	10,324	10,977	11,564	12,348
Public works and streets	1,733	2,234	2,682	1,910	1,787	1,841	2,722	2,725	2,889	3,746
Culture and recreation	2,259	2,453	2,904	3,174	3,226	3,251	3,239	3,634	3,771	3,770
Capital outlay	7,208	11,791	5,884	11,369	12,545	10,536	8,926	7,954	12,545	5,922
Debt Service										
Principal	1,172	1,122	1,219	1,535	1,852	2,272	2,344	2,475	2,812	2,910
Interest	1,976	2,096	2,411	2,847	3,317	3,373	3,266	3,411	3,514	3,436
Other Charges	93	193	333	508	502	370	78	217	145	317
Total expenditures	<u>22,932</u>	<u>29,474</u>	<u>26,986</u>	<u>34,721</u>	<u>37,661</u>	<u>36,381</u>	<u>35,688</u>	<u>36,282</u>	<u>43,119</u>	<u>38,894</u>
Excess of revenues over (under) expenditures	\$ (5,021)	\$ (10,049)	\$ (5,035)	\$ (5,475)	\$ (9,076)	\$ (7,511)	\$ (5,896)	\$ (5,898)	\$ (8,866)	\$ (2,550)

**Changes in Fund Balances of Governmental Funds (cont.)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Other financing sources (uses)</b>										
Transfers out	\$ -	\$ -	\$ (45)	\$ -	\$ (7)	\$ (126)	\$ (49)	\$ (1,585)	\$ (59)	\$ (638)
Transfers in	450	450	545	500	507	826	799	813	809	953
Sale of capital assets	-	-	1	7	9	27	19	39	14	26
Premium on bonds issued	83	-	111	-	43	388	2,128	64	154	1,448
Discount on bonds issued	-	(50)	-	(154)	(97)	(9)	-	-	-	-
Bond Proceeds	3,400	4,785	10,315	14,500	14,382	16,229	14,982	6,600	4,980	22,441
Payment to bond refunding escrow agent	-	-	-	-	(2,902)	(10,282)	(17,160)	-	-	(3,045)
Insurance Recoveries	-	-	6	6	29	101	28	11	41	27
Total other financing sources (uses)	<u>3,933</u>	<u>5,185</u>	<u>10,933</u>	<u>14,859</u>	<u>11,964</u>	<u>7,153</u>	<u>747</u>	<u>5,943</u>	<u>5,939</u>	<u>21,212</u>
Net change in fund balances	<u>\$ (1,088)</u>	<u>\$ (4,863)</u>	<u>\$ 5,898</u>	<u>\$ 9,384</u>	<u>\$ 2,889</u>	<u>\$ (358)</u>	<u>\$ (5,149)</u>	<u>\$ 45</u>	<u>\$ (2,927)</u>	<u>\$ 18,661</u>
Capital Outlay including amounts reported										
under departmental expenditures	\$ 7,229	\$ 11,471	\$ 6,259	\$ 11,211	\$ 12,232	\$ 9,285	\$ 6,234	\$ 7,558	\$ 6,689	\$ 5,580
Debt service as a percentage										
of noncapital expenditures	20.0%	17.9%	17.5%	18.6%	20.3%	20.8%	19.0%	20.5%	17.4%	19.0%

**City of Pflugerville**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Less:		Total Taxable Assessed Value	Percent of Growth in Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Tax Exempt Real Property					
2006	\$1,168,015,150	\$187,317,196	\$94,638,373	\$41,254,216	\$1,408,716,503	7.50%	0.6350	\$1,408,716,503	100.0%
2007	1,278,169,940	230,674,602	81,940,510	74,871,477	1,515,913,575	7.61%	0.6240	1,515,913,575	100.0%
2008	1,601,403,371	305,574,017	79,775,407	90,922,779	1,895,830,016	25.06%	0.6190	1,895,830,016	100.0%
2009	2,000,762,235	483,463,819	179,109,976	174,166,430	2,489,169,600	31.30%	0.6140	2,489,169,600	100.0%
2010	2,180,612,058	538,457,480	198,209,982	293,270,168	2,624,009,352	5.42%	0.6090	2,624,009,352	100.0%
2011	2,273,827,616	546,581,824	196,080,703	235,132,531	2,781,357,612	6.00%	0.6040	2,781,357,612	100.0%
2012	2,343,923,432	519,094,632	172,089,561	231,415,306	2,803,692,319	0.80%	0.5990	2,803,692,319	100.0%
2013	2,276,991,273	572,854,494	241,161,415	264,075,219	2,826,931,963	0.83%	0.5940	2,826,931,963	100.0%
2014	2,438,725,287	532,237,861	577,588,825	535,819,349	3,012,732,624	6.57%	0.5736	3,012,732,624	100.0%
2015	2,757,615,637	990,762,887	399,206,912	704,956,961	3,442,628,475	14.27%	0.5336	3,442,628,475	100.0%

Source: Travis Central Appraisal District; Williamson County Appraisal District

**City of Pflugerville**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(per \$100 of Assessed Value)**  
**Last Ten Fiscal Years**

Fiscal Year	City of Pflugerville			Travis County			Pflugerville Independent School District			Travis County Emergency Services District #2			Travis County Healthcare District			Total Direct & Overlapping Rates
	General Fund O & M*	Debt Service	Total City	O & M*	Debt Service	Total County	O & M*	Debt Service	Total PISD	O & M*	Debt Service	Total ESD#2	O & M*	Debt Service	Total TCHD	
2006	0.4199	0.2151	0.6350	0.3994	0.0999	0.4993	1.5000	0.3500	1.8500	0.1000	0.0000	0.1000	0.0779	0.0000	0.0779	3.1622
2007	0.4125	0.2115	0.6240	0.3623	0.0876	0.4499	1.3600	0.3200	1.6800	0.0919	0.0081	0.1000	0.0734	0.0000	0.0734	2.9273
2008	0.4236	0.1954	0.6190	0.3405	0.0811	0.4216	1.0400	0.4300	1.4700	0.0906	0.0094	0.1000	0.0693	0.0000	0.0693	2.6799
2009	0.4371	0.1769	0.6140	0.3394	0.0728	0.4122	1.0400	0.4200	1.4600	0.0937	0.0063	0.1000	0.0679	0.0000	0.0679	2.6541
2010	0.4114	0.1976	0.6090	0.3517	0.0698	0.4215	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0674	0.0000	0.0674	2.6579
2011	0.4101	0.1939	0.6040	0.3858	0.0800	0.4658	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0719	0.0000	0.0719	2.7017
2012	0.3937	0.2053	0.5990	0.4085	0.0770	0.4855	1.0400	0.4400	1.4800	0.0938	0.0062	0.1000	0.0774	0.0015	0.0789	2.7434
2013	0.3946	0.1994	0.5940	0.4217	0.0784	0.5001	1.0400	0.5000	1.5400	0.0939	0.0061	0.1000	0.0774	0.0015	0.0789	2.8130
2014	0.3851	0.1885	0.5736	0.4190	0.0756	0.4946	1.0400	0.5000	1.5400	0.0942	0.0058	0.1000	0.1277	0.0013	0.1290	2.8372
2015	0.3700	0.1636	0.5336	0.3850	0.0713	0.4563	1.0400	0.5000	1.5400	0.0930	0.0052	0.0982	0.1253	0.0011	0.1264	2.7545

\* O & M: Operations and Maintenance.

Source: Travis Central Appraisal District

**City of Pflugerville  
Water and Wastewater Rates  
Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>Water Rates</u></b>										
Base Charge	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 15.50
Usage:										
0 - 3,000 gallons										\$ 3.40
0 - 12,000 gallons			\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	
0 - 15,000 gallons	\$ 4.51	\$ 4.51								
3,000 - 10,000 gallons										\$ 4.30
10,001 - 25,000 gallons										\$ 5.40
15,001 - 20,000 gallons	\$ 4.59	\$ 4.59								
12,000 - 26,000 gallons			\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	
20,001 - 25,000 gallons	\$ 4.70	\$ 4.70								
25,001 + gallons										\$ 6.80
25,001 - 30,000 gallons	\$ 4.78	\$ 4.78								
26,001 + gallons			\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	
30,001 - 35,000 gallons	\$ 4.86	\$ 4.86								
35,001 - 40,000 gallons	\$ 4.96	\$ 4.96								
40,001 - 45,000 gallons	\$ 5.05	\$ 5.05								
45,000 + gallons	\$ 5.14	\$ 5.14								
<b><u>Wastewater Rates</u></b>										
Base (4,000 gallons)	\$ 18.50	\$ 18.50								
Base (3,000 gallons)			\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	
Base (0 gallons)										\$ 19.50
Usage per 1,000 gallons	\$ 3.72	\$ 3.72	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 1.25
City average (new customers)	\$ 33.63	\$ 24.76	\$ 27.65	\$ 30.61	\$ 26.04	\$ 28.30	\$ 27.45	\$ 28.85	\$ 25.17	\$ 25.63

Note: The rates and charges provided represent those of a residential customer within the City limits with a typical 5/8" - 3/4" meter. This segment of the Utility customer base represents the largest portion of the City's utility customers.

Wastewater rates are based on the customer's winter water usage (the lowest three winter months of November, December, January and February). New customers start with the City average until their own rate is established.

Source: Utility Billing Department

**City of Pflugerville  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
A-S 93 SH130 - SH45, L.P.	\$ 98,043,043	1	2.85%	\$ -	-	-
BRE MF Stone Hill LLC	48,128,169	2	1.40%			
1825 Place LLC	35,192,000	3	1.02%	-		-
Swenson Farms Apartment Community	32,086,000	4	0.93%	-		-
Piret (Impact Way) Holdings LLC	28,291,299	5	0.82%			
Target Corporation	26,239,191	6	0.76%			
Oncor Electric Delivery Company LLC	23,464,000	7	0.68%			
Wal-Mart Real Estate Business Trust	17,355,333	8	0.50%	-		-
Home Depot USA Inc	17,117,771	9	0.50%	-		-
Springbrook APTSP1 LP	16,506,102	10	0.48%			
Pflugerville Covington	-		-	20,290,952	1	1.44%
TXU Electric Delivery Co.				15,852,710	2	1.13%
H. E. B. Grocery Co.	-		-	11,104,975	3	0.79%
Southwestern Bell Telephone Company				8,763,080	4	0.62%
Terrabrook Falcon Ridge	-		-	8,609,066	5	0.61%
Heatherwilde Village	-		-	7,598,000	6	0.54%
Sun Secure Financing Houston	-		-	6,172,835	7	0.44%
Albertsons, Inc.	-		-	4,663,533	8	0.33%
KO Limited Partnership				4,592,722	9	0.33%
Pecan Street Plaza LLC				4,164,227	10	0.30%
	<u>\$ 342,422,908</u>		<u>9.95%</u>	<u>\$ 91,812,100</u>		<u>6.52%</u>

Source: Travis Central Appraisal District

**City of Pflugerville  
 Water and Wastewater Customers  
 Last Ten Fiscal Years**

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<u>Fiscal Year</u>	<u>Water</u>		<u>Wastewater</u>	
	<u>Water Customers</u>	<u>Percentage of Change</u>	<u>Wastewater Customers</u>	<u>Percentage of Change</u>
2006	9,821	12.8%	10,618	12.8%
2007	10,721	9.2%	11,560	8.9%
2008	11,293	5.3%	12,220	5.7%
2009	11,731	3.9%	12,670	3.7%
2010	12,154	3.6%	13,076	3.2%
2011	12,640	4.0%	13,567	3.8%
2012	13,213	4.5%	14,115	4.0%
2013	13,844	4.8%	14,728	4.3%
2014	14,651	5.8%	15,514	5.3%
2015	15,607	6.5%	16,462	6.1%

Source: Utility Billing department.

**City of Pflugerville  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Original Tax Levy for the Fiscal Year<sup>1</sup></u>	<u>Adjusted Tax Levy for the Fiscal Year<sup>2</sup></u>	<u>Collected within the fiscal year of the Levy</u>		<u>Tax Collections in Subsequent Years</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Levy</u>
			<u>Amount</u>	<u>Percent of Levy</u>			
2006	\$ 8,945,350	\$ 8,926,348	\$ 8,845,096	99.09%	\$ 74,575	\$ 8,919,671	99.93%
2007	9,459,301	9,474,175	9,325,408	98.43%	140,765	9,466,173	99.92%
2008	11,714,211	11,668,894	11,616,369	99.55%	31,740	11,648,109	99.82%
2009	15,283,501	15,055,217	15,013,754	99.72%	18,051	15,031,805	99.84%
2010	15,980,217	16,260,264	16,129,455	99.20%	92,712	16,222,167	99.77%
2011	16,799,400	16,958,006	16,840,393	99.31%	87,200	16,927,593	99.82%
2012	16,794,117	17,042,787	16,929,307	99.33%	79,073	17,008,380	99.80%
2013	16,791,976	17,008,356	16,892,470	99.32%	68,381	16,960,851	99.72%
2014	17,189,602	17,320,892	17,245,430	99.56%	21,448	17,266,878	99.69%
2015	17,999,015	18,333,308	18,291,430	99.77%	-	18,291,430	99.77%

Source: Travis Central Appraisal District; Williamson County Appraisal District

<sup>1</sup> Represents the original, certified tax levy for general and debt service property taxes.

<sup>2</sup> Represents the certified tax levy for general and debt service property taxes adjusted for settled property tax value protests and other disputes.

**City of Pflugerville  
Water and Wastewater Revenue Collected  
Last Ten Fiscal Years**

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<b><u>Fiscal Year</u></b>	<b><u>Water Revenue</u></b>	<b><u>Wastewater Revenue</u></b>
2006	\$ 7,837,349	\$ 4,178,359
2007	7,257,419	4,408,475
2008	9,831,538	4,990,730
2009	10,752,853	5,338,220
2010	10,304,179	5,269,972
2011	13,362,222	5,506,942
2012	12,216,367	5,735,116
2013	12,122,244	6,136,113
2014	11,719,177	6,248,186
2015	13,316,634	6,139,955

Source: City Financial Reports

**City of Pflugerville**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

Governmental Activities								
Fiscal Year	General Obligation Bonds <sup>1</sup>		Certificates of Obligation		Refunding Bonds	Capital Leases	Deferred Charges <sup>2</sup>	Total Governmental Activities
2006	\$	16,780	\$	22,379	\$ -	\$ -	\$ 81	\$ 39,240
2007		16,425		26,361	-	-	31	42,817
2008		16,065		35,817	-	-	138	52,019
2009		18,700		46,147	-	-	(15)	64,832
2010		15,765		55,687	2,881	-	(69)	74,264
2011		17,505		49,129	12,213	-	295	79,142
2012		5,780		43,535	26,556	-	2,375	78,246
2013		7,205		46,965	25,820	-	2,327	82,317
2014		6,555		50,786	24,817	-	2,362	84,520
2015		17,730		54,943	26,043	-	3,614	102,330

Business-Type Activities								
Fiscal Year	Revenue Bonds		Certificates of Obligation		Refunding Bonds	Capital Leases	Deferred Charges <sup>2</sup>	Total Business-Type Activities
	Water	Wastewater	Water	Wastewater				
2006	\$ 3,653	\$ 1,568	\$ 47,217	\$ 29,341	\$ -	\$ -	\$ 305	\$ 82,084
2007	3,347	1,414	47,044	28,590	-	-	294	80,689
2008	3,041	1,256	46,485	28,138	-	-	284	79,204
2009	2,715	1,085	45,905	27,683	-	-	273	77,661
2010	-	-	45,303	33,765	2,639	-	236	81,943
2011	-	-	39,341	33,171	7,692	-	432	80,635
2012	-	-	1,828	18,832	54,549	-	7,047	82,256
2013	-	-	1,134	18,195	53,955	-	6,723	80,008
2014	-	-	622	17,522	53,148	-	6,399	77,691
2015	-	-	11,548	11,104	62,242	-	7,877	92,771

Fiscal Year	Total Primary Government Debt	Percentage of Personal Income <sup>3</sup>	Per Capita
2006	\$ 121,324	14.76%	\$ 4,192
2007	123,506	12.26%	3,482
2008	131,223	11.05%	3,138
2009	142,493	11.30%	3,208
2010	156,207	11.72%	3,328
2011	159,777	11.83%	3,337
2012	160,503	10.81%	3,205
2013	162,325	10.27%	3,082
2014	162,211	9.65%	2,958
2015	195,101	11.39%	3,476

<sup>1</sup> General Obligation Bonds include Limited Tax Bonds.

<sup>2</sup> Deferred charges include premiums and discounts on bonds.

<sup>3</sup> See the Demographics Statistics on page 104 for personal income and population data.

Source: City Financial Reports

**City of Pflugerville  
General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(amounts expressed in thousands, except per capita amount)**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates of Obligation</u>	<u>Refunding Bonds</u>	<u>Deferred Charges<sup>1</sup></u>	<u>Total</u>	<u>Less: Accumulated Resources</u>	<u>Net General Bonded Debt Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Net Debt Per Capita</u>
2006	\$ 16,780	\$ 22,379	\$ -	\$ 81	\$ 39,240	\$ 785	\$ 38,455	2.73%	\$ 1,329
2007	16,425	26,361	-	31	42,817	856	41,960	2.77%	1,183
2008	16,065	35,817	-	138	52,020	1,040	50,979	2.69%	1,219
2009	18,700	46,147	-	(15)	64,832	1,297	63,535	2.55%	1,430
2010	15,765	55,687	2,881	(69)	74,264	1,485	72,779	2.77%	1,551
2011	17,505	49,129	12,213	295	79,142	1,583	77,559	2.79%	1,620
2012	5,780	43,535	26,556	2,375	78,246	1,565	76,681	2.74%	1,531
2013	7,205	46,965	25,820	2,327	82,317	1,646	80,671	2.85%	1,515
2014	6,555	50,786	24,817	2,362	84,520	1,690	82,830	2.75%	1,510
2015	17,730	54,943	26,043	3,614	102,330	2,047	100,283	2.91%	1,787

<sup>1</sup> Deferred charges include premiums and discounts on bonds.

**City of Pflugerville**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2015**

<u>Taxing Body</u>	<u>Debt Outstanding<sup>1</sup></u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Taxable Assessed Property Value<sup>2</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Estimated Overlapping Debt:</b>				
Travis County MUD #15	\$ 12,025,000	100.00%	\$ 349,889,688	\$ 12,025,000
Travis County E.S.D. #2	530,000	47.22%	8,203,501,205	250,266
Pflugerville I.S.D.	517,120,000	41.87%	9,240,645,499	216,518,144
Travis County	695,034,987	2.58%	119,926,668,466	17,931,903
Travis County Healthcare District	12,305,000	2.58%	137,501,588,464	317,469
North East Travis County Utility District	19,265,000	0.33%	229,244,893	63,575
Williamson County	<u>966,599,942</u>	0.02%	<u>42,011,966,370</u>	<u>193,320</u>
Total estimated overlapping debt	<u>2,222,879,929</u>	11.13%	317,463,504,585	<u>247,299,676</u>
<b>Direct Debt - City of Pflugerville</b>	<u>102,329,521</u>	100.00%	3,442,628,475	<u>102,329,521</u>
<b>Direct and Estimated Overlapping Debt</b>	<u><b>\$ 2,325,209,450</b></u>			<u><b>\$ 349,629,197</b></u>

**Sources:**

<sup>1</sup> This information was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information. Furthermore, certain entities listed may have issued additional bonds since the date of the report (9/30/15), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

<sup>2</sup> Individual taxing bodies and Travis Central Appraisal District.

**City of Pflugerville  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 21,130,748	\$ 22,738,704	\$ 28,386,617	\$ 37,337,544	\$ 39,360,140	\$ 41,720,364	\$ 42,055,385	\$ 42,403,979	\$ 45,190,989	\$ 51,639,427
Total net debt applicable to limit	2,993,496	3,208,483	3,646,665	4,415,609	5,169,326	5,644,637	5,610,120	5,886,306	6,325,351	6,345,656
Legal debt margin	<u>\$ 18,137,252</u>	<u>\$ 19,530,221</u>	<u>\$ 24,739,953</u>	<u>\$ 32,921,935</u>	<u>\$ 34,190,814</u>	<u>\$ 36,075,727</u>	<u>\$ 36,445,265</u>	<u>\$ 36,517,673</u>	<u>\$ 38,865,638</u>	<u>\$ 45,293,771</u>
Total net debt applicable to the limit as a percentage of debt limit	14.17%	14.11%	12.85%	11.83%	13.13%	13.53%	13.34%	13.88%	14.00%	12.29%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed value of taxable property:		\$ 3,442,628,475
Debt limit (\$1.50 per \$100 of assessed valuation)		\$ 51,639,427
2015 Annual debt service applicable to limit:		
General obligation - principal	\$ 2,909,995	
General obligation - interest	3,435,661	6,345,656
Legal debt margin		<u>\$ 45,293,771</u>

Note: Article XI, Section 5, of the Texas Constitution limits the City's maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation (for all City purposes). The City's Charter adopts the provisions of the Constitution without further limitation. The Attorney General of the State of Texas administratively imposes a maximum general obligation debt service tax rate of \$1.50 of the \$2.50 maximum ad valorem tax rate.

**City of Pflugerville  
Revenue Bond Coverage  
Water and Wastewater Revenue Bonds  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Water and Wastewater Revenues</u>	<u>Operating Expenses<sup>1</sup></u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2006	\$ 13,624,833	\$ 6,648,456	\$ 6,976,377	\$ 906,765	\$ 3,771,458	\$ 4,678,223	1.49
2007	13,099,308	7,430,813	5,668,495	1,419,620	3,979,306	5,398,926	1.05
2008	15,805,791	9,043,303	6,762,488	1,476,065	3,924,669	5,400,734	1.25
2009	16,433,947	10,512,444	5,921,503	1,531,495	3,865,753	5,397,248	1.10
2010	15,679,741	8,657,206	7,022,535	1,603,560	3,982,815	5,586,375	1.26
2011	19,037,632	10,276,803	8,760,829	1,764,325	3,923,325	5,687,650	1.54
2012	18,027,068	10,506,317	7,520,751	1,841,430	3,813,461	5,654,891	1.33
2013	18,426,637	11,414,204	7,012,433	1,928,817	3,362,355	5,291,172	1.33
2014	18,079,253	11,444,451	6,634,802	1,991,747	3,298,527	5,290,274	1.25
2015	19,646,817	11,813,587	7,833,230	2,163,205	3,232,137	5,395,342	1.45

<sup>1</sup>Excludes depreciation expense

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**City of Pflugerville  
Demographic Statistics  
Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>School Enrollment <sup>2</sup></b>	<b>Total Personal Income <sup>3</sup></b>	<b>Personal Income Per Capita <sup>4</sup></b>	<b>Unemployment Rate <sup>5</sup></b>
2006	28,939	19,696	\$ 821,954,417	\$ 28,403	3.60
2007	35,468	19,850	1,007,397,604	28,403	3.10
2008	41,817	19,696	1,187,728,251	28,403	3.90
2009	44,415	21,288	1,261,519,245	28,403	5.80
2010	46,936	22,871	1,333,123,208	28,403	5.70
2011	47,874	23,287	1,350,860,658	28,217	5.80
2012	50,081	23,251	1,484,551,083	29,643	5.00
2013	53,250	23,225	1,597,233,750	29,995	4.50
2014	54,843	23,463	1,681,157,322	30,654	3.50
2015	56,126	23,853	1,712,628,764	30,514	2.80

<sup>1</sup> City of Pflugerville Planning Department.

<sup>2</sup> Pflugerville Independent School District.

<sup>3</sup> Total Personal Income calculated from Personal Income per capita and Population.

<sup>4</sup> 2006-2010 Personal Income per capita from the 2005-2009 U.S. Census Bureau Demographic Profile.

2011 Personal Income per capita from the 2006-2010 U.S. Census Bureau Demographic Profile.

2012 Personal Income per capita from the 2007-2011 U.S. Census Bureau Demographic Profile.

2013 Personal Income per capita from the 2008-2012 U.S. Census Bureau Demographic Profile.

2014 Personal Income per capita from the 2009-2013 U.S. Census Bureau Demographic Profile.

2015 Personal Income per capita from the 2010-2014 U.S. Census Bureau Demographic Profile.

<sup>5</sup> Pflugerville Statistical Area, Cities and small towns above 25,000 population, obtained from the U.S. Department of Labor, Bureau of Labor Statistics.

City of Pflugerville  
Principal Employers  
Current Year and Nine Years Ago

2015			2006	
Employers	Employees	Percentage of Total City Employment	Employers	Employees
Pflugerville ISD	1,497	25.2%	Pflugerville ISD	1,905
City of Pflugerville	325	5.5%	HEB	400
Wal-Mart	325	5.5%	City of Pflugerville	200
Mtech	265	4.5%	Austin Foam Plastics	180
HEB Grocery Co.	225	3.8%	Pflugerville Care Center	75
Target	200	3.4%	Merit Electric	65
Flextronics	195	3.3%	Southwestern Bell	40
Avant Technologies	155	2.6%	Travis County ESD	37
Home Depot	125	2.1%	U.S. Post Office	23
Fed Ex	120	2.0%	Seton Pflugerville	8
<b>Total</b>	<b>3,432</b>	<b>58%</b>	<b>Total</b>	<b>2,933</b>

Source:  
Pflugerville Community Development Corporation

**City of Pflugerville**  
**Water and Wastewater Customers by Type**  
**Last Ten Fiscal Years**

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<u>Fiscal Year</u>	<u>Water Customers</u>				<u>Wastewater Customers</u>			
	<u>Residential</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>
2006	9,443	283	95	9,821	10,445	139	34	10,618
2007	10,273	267	104	10,644	11,363	159	38	11,560
2008	10,875	301	117	11,293	12,007	172	41	12,220
2009	11,281	317	133	11,731	12,436	190	44	12,670
2010	11,695	323	136	12,154	12,835	195	46	13,076
2011	12,154	347	139	12,640	13,315	205	47	13,567
2012	12,698	375	140	13,213	13,854	214	47	14,115
2013	13,303	396	145	13,844	14,456	223	49	14,728
2014	14,059	449	143	14,651	15,225	240	49	15,514
2015	15,000	457	150	15,607	16,167	245	50	16,462

Source: Utility Billing Department

**City of Pflugerville  
Full Time Equivalent Employees by Function  
Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Administration	15	20	24	22.5	21.5	21	23	23.5	23.5	24.5
Building Inspection	7	8	8	8	8	6	6	6	4	5
Development Services Admin *	-	-	-	-	-	-	-	-	5	5
Engineering	6	5	5	6	6	6	7	7	7	11
Fleet	2	3	3	3	3.5	3	3	3	3	3.5
Library	9	11	12.2	12	12.2	12	11	15	15	18
Municipal Court	4	5	5	5	5	5.5	5.5	6	6	5.5
Parks & Recreation										
Full Time	20	23.5	27.5	31.5	31.5	31.5	30	32	31.5	26.5
Seasonal	27.5	27.75	28.25	28.75	28.75	28.75	32	31.38	32	30.25
Planning & Development	5.38	6.38	7.38	7.4	7.5	7	6	7	6.5	6.5
Police Services										
Officers	55	58.5	68.5	87.5	92.5	94	96	98.5	100.5	105.5
Civilians	16	18.5	20.5	23.5	24.5	25	24	27.5	30.5	36
Streets	16	19	21	21	21	21	21	21	22	29
Water	18.5	18.5	18	18	18.75	19.5	20	21	23	24.25
Wastewater	15.5	16	18.5	18.5	18.75	19.5	20	21	24	25.25
<b>Total Employees</b>	<b>216.88</b>	<b>240.13</b>	<b>266.83</b>	<b>292.65</b>	<b>299.45</b>	<b>299.75</b>	<b>304.5</b>	<b>319.88</b>	<b>333.5</b>	<b>355.75</b>

\* New function in FY 2014

Source: City of Pflugerville Budget

**City of Pflugerville**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Building Inspection										
Residential Permits	891	566	262	386	379	460	524	650	826	974
Commercial Permits	9	45	58	45	32	28	31	34	49	38
Inspections Performed	42,199	29,603	12,437	13,802	13,552	14,354	17,905	20,165	25,018	29,915
Engineering										
Construction Plans Reviewed	100	105	75	15	10	8	18	25	36	37
Construction Inspections	17,400	17,100	16,954	11,700	9,040	10,080	9,721	15,000	13,024	23,804
Fleet										
Vehicle Inspections	87	115	113	130	116	145	118	160	117	191
Library										
Library Visits (000) <sup>1</sup>	155	161	159	162	165	172	199	295	444	370
Items Circulated (000)	212	216	215	253	283	294	326	358	400	390
Municipal Court										
Cases Filed	10,060	9,949	13,064	16,172	13,988	15,225	16,115	13,605	11,615	11,509
Warrants Issued	7,405	4,854	4,026	5,658	5,926	5,033	3,711	4,414	3,849	5,494
Parks & Recreation										
Recreation Center Members <sup>2</sup>	5,314	6,682	3,969	1,657	1,710	1,770	1,309	1,336	1,246	1,309
Facilities Reservations	455	339	486	525	525	540	633	736	629	798
Recreation Program Participants	1,515	1,663	2,714	2,629	2,670	2,596	2,633	2,809	2,555	3,131
Planning & Development										
Single Family Lots Reviewed	3,000	2,628	720	230	2,445	822	577	4,005	1,877	2,218
Subdivision Plat Applications	31	50	58	21	17	15	24	40	51	66
Zoning Applications	15	20	25	16	10	10	4	10	9	14

<sup>1</sup> Physical & virtual library visits

<sup>2</sup> Families are counted as one member beginning in 2009

**Operating Indicators by Function (continued)**

Function	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police Services										
Citations Issued	8,258	8,727	11,352	14,527	12,367	13,563	14,597	12,002	10,284	10,292
Arrests										
Felony	170	278	252	242	255	295	200	309	286	436
Misdemeanor	1,502	1,988	2,613	2,856	2,453	2,164	1,126	663	626	690
Calls for Service	38,915	37,766	44,423	55,032	60,746	67,003	74,391	68,518	62,790	62,360
Streets										
Miles of Streets Maintained	136	157	178	181	183	195	195	197	206	213
Water										
New Connections	815	814	644	442	424	433	538	631	556	1,009
Water Main Breaks Repaired	4	8	7	4	3	3	8	8	8	9
Average Daily Usage (MGD)	3.62	3.85	4.97	5.42	5.29	6.63	5.85	6.02	6.10	6.59
Wastewater										
Average Daily Flow (MGD)	2.28	3.07	3.02	2.94	3.71	3.15	3.11	2.90	3.50	4.05
Wastewater Treated (MG)	834	1,120	1,101	1,072	1,351	1,198	1,136	1,060	1,200	1,478
Blockages Cleared	116	76	73	95	76	67	81	102	110	87

Sources: Various government departments

**City of Pflugerville  
Capital Assets by Function  
Last Ten Fiscal Years**

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fleet										
Fleet Vehicles	116	130	143	160	167	163	171	172	181	187
Library										
Libraries	1	1	1	1	1	1	1	1	1	1
Library (sq ft)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	28,000	28,000	28,000
Books (000)	44	51	56	56	60	64	59	61	66	68
Parks & Recreation										
Parks	22	25	27	31	31	32	34	35	36	36
Park Acreage	475	485	495	520	617	674	688	709	733	737
Swimming Pools	2	2	2	3	3	3	3	3	3	3
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Recreation Center (sq ft)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Miles of Trails	17	19	20	25	27	29	31	31	31	31
Police Services										
Stations	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (miles)	136	157	178	181	183	195	195	197	206	213
Traffic Signals	5	6	7	8	8	9	9	9	10	11
Water										
Surface Water Treatment Plan Capacity (MGD)	0	1	1	1	1	1	1	1	1	1
Surface Water Reservoir (acre)	180	180	180	180	180	180	180	180	180	180
Water lines (miles)	135	159	163	165	168	177	181	200	211	224
Wells in Operation	3	3	3	3	3	3	3	3	3	3
Wastewater										
Wastewater lines (miles)	125	138	140	142	180	184.3	188	191	202	216
Wastewater Treatment Plants Capacity (MGD)	2	2	2	2	2	2	2	2	2	2
	3.3	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6

Sources: Various government departments.